88-747

No.

Supreme Court, U.S.
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CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

ALLIED CORPORATION,

Petitioner,

v.

UNITED STATES INTERNATIONAL TRADE COMMISSION,

Respondent,

and

HITACHI METALS, LTD., ET AL., VACUUMSCHMELZE GmbH, NIPPON STEEL CORPORATION, ET AL., and SIEMENS CAPITAL CORP.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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OCTOBER 31, 1988

QUESTIONS PRESENTED FOR REVIEW

On the ground that petitioner Allied Corporation ("Allied") had abandoned the issue by failing to raise it in a related 1984 proceeding, the Court of Appeals for the Federal Circuit ("CAFC") denied Allied its request for judicial review of a threshold, substantive issue decided adversely to Allied in a 1987 United States International Trade Commission ("ITC") determination.

The questions presented are:

1. Whether the CAFC's denial of appellate review erroneously construed the rules of the ITC and the federal right to judicial review of administrative determinations, especially in light of conflicting rulings of other Circuit Courts that it is proper to consider an issue raised on appeal by one party if the issue had been raised before the administrative agency by another party and the agency has had full opportunity to review the issue.

2. Whether the CAFC's denial of Allied's right to appellate review violates the Due Process clause of the Fifth Amendment and is manifestly unjust.

STATEMENT PURSUANT TO RULE 28.1

Allied Corporation was complainant below. Allied Corporation was a subsidiary of Allied-Signal Inc. On September 30, 1987, Allied Corporation was merged into Allied-Signal Inc.

Allied-Signal Inc. has no parent company. Allied-Signal Inc.'s subsidiaries (except wholly owned subsidiaries) and affiliates are:

Allied-General Nuclear Services
ACE, Limited
Allied Holdings (UK) Limited
Bendix HVCG Europe Limited
Ferranti-Bendix Power Generation Limited
Jurid Werke, GmbH
Ingold Electrodes, Inc.
Enscor Inc.
Sonic Oil Separation, Ltd.
Allied Automotive Ltda.
Bendix France, S.A.
Amoricaine de Fonderia-Le Chatelet, S.A.
Bendix Deutschland GmbH
Bendix Electronics, S.A.
Bendix Ricambi, S.p.A.
Cierock Ricambi, S.p.A.
Dipra Ricambi, S.p.A.
Bendix Portuguesa Sociedede de Equipamentos Automoveid, Ltda.
Bronzavia Air Equipment, S.A.
D.B.A. S.I.B.E., SNC
France Automobile Service, S.A.
Freudenberg, S.A.
Iminor, S.A.
Societe Civile Immobiliere Prieur & Cie
La Decoration Moderne, S.A.
Sifra Industries, S.A.
Societe Civile Immobiliere due 60 Av. De La Grandee Armee
TENSA, S.A.

Transpar Iberica, S.A.
Bendix Italia, S.p.A.
Bendix Altechna Freni, S.p.A.
Bendix Mexicana, S.A. de C.V.
Bendix Pemsa Cinturones de Seguridad, S.A. de C.V.
FIAAM, S.p.A.
Garrett GmbH
Garrett Productos Automotrices S.A.
Turbo Services SNC
Sistemas Bendix de Seguridad S.A. de C.V.
Allied-Signal Flight Systems Company
Kalyani Brakes Limited
Bendix Electronics Korean, Limited
Bendix Electronic Service Corporation
de Espana, S.A.
Bendix Espana, S.A.
Bendix-Jidosha Kiki Corporation
Bendix Mintex Proprietary Limited
Bendix Group Superannuation Pty., Ltd.
Bunker Ramo Electronic Data Systems S.A.
Chico Corporation
Compania Industrial de Fluorita, S.A.
Compania Metalurgica de Parral, S.A.
Garrett Comtronics Licensing Corp.
Globe Auto Electricals, Ltd.
Hankuk Brake Industrial Co., Ltd.
Industrial Turbines International Inc.
International Turbine Engine Corporation
Jidosha Kiki Co., Ltd.
Kanto Seiatsu Kogyo Co., Ltd.
Tokyo Chuzsho
Leaseway All-Services, Inc.
Manbritt Industries, Inc.
Nippon Amorphous Metals Co., Ltd.
Nirlon Synthetic Fibres and Chemicals, Ltd.
Normalair Garrett (Holdings) Ltd.
Dynamic Turbocharger Services Pty., Ltd. Queensland
Dynamic Turbocharger Services Pty., Ltd. Victoria
Asia Pacific Resin Corporation

Doosan Electro-Materials Co., Ltd.
Financiere Allied-Signal S.A.
Nittobo-Norplex/Oak Inc.
Norplex/Oak India Ltd.
Oak Mitsui Inc.
Bendix Electronics, S.A.
Prestolite of India Ltd.
Quimobasicos, S.A.
Propelentes Mexicanos, S.A.
Sifra Industrie, S.A.
Societe Anonyme des Usines Chausson [SECAN]
Societe Wheelabrator-Allevard S.A.
Sofratype, S.A.
Synektron Corporation
Union Texas Petroleum Holdings, Inc.
UOP
Nikki-Universal Co., Ltd.
UM Holdings B.V.
Serind S.p.A.
UMMS Caribbean N.V.
Ataisa S.a.c.i.
Tecpro Industrial Chemicals Ltd.
UOP Management Services (Saudi Arabia) Limited

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and SIEMENS CAPITAL CORP.,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner Allied Corporation prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The opinion of the Court of Appeals for The Federal Circuit is reported at 850 F.2d 1573 and is reprinted in the Appendix to this petition commencing at page A-1.[1] The August 25, 1988 Order modifying that opinion appears at A-22.

[1] "A" citations are to pages of the Appendix to this petition. "CA" and "CC" citations are to the Appendix in the CAFC. "CC" citations are to the "confidential" portion of the CAFC Appendix.

Also reprinted in the Appendix to this petition are relevant excerpts from the "public versions" of the following ITC opinions and findings: the ITC's May 28, 1987 Determination, the ALJ's August 14, 1986 Opinion On Remand, the ALJ's March 3, 1986 Initial Advisory Opinion, the ALJ's May 14, 1984 Initial Determination, and the ALJ's May 14, 1984 Findings of Fact.

JURISDICTION

The CAFC entered its judgment on June 29, 1988. Allied's petition for rehearing was denied by the CAFC on August 1, 1988. The CAFC revised its opinion on August 25, 1988. This Court has jurisdiction to review the judgment of the CAFC under 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISIONS, FEDERAL STATUTES AND ITC REGULATIONS

U.S. Constitution amendment V:

> "No person shall . . . be deprived of life, liberty, or property, without due process of law. . . ."

5 U.S.C. § 702:

"Right of review

"A person suffering legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judicial review thereof. . . . Nothing herein (1) affects other limitations on judicial review or the power or duty of the court to dismiss any action or deny relief on any other appropriate legal or equitable ground. . . ."

19 U.S.C. § 1337(c):

"Determinations; review

"The Commission shall determine, with respect to each investigation conducted by it under this section, whether or not

there is a violation of this section. Each determination under subsection (d) or (e) of this section shall be made on the record after notice and opportunity for a hearing in conformity with the provisions of subchapter II of chapter 5 of Title 5. All legal and equitable defenses may be presented in all cases. Any person adversely affected by a final determination of the Commission under subsection (d), (e), or (f) of this section may appeal such determination, within 60 days after the determination becomes final, to the United States Court of Appeals for the Federal Circuit for review in accordance with chapter 7 of Title 5. . . ."

19 C.F.R. § 210.54(a)(1),(2):

"Petition for review.

"(a) *The petition and responses.* (1) Any party to an investigation may request a review by the Commission of an initial determination by filing with the Secretary a petition for review. . . . A petition for review shall:

"(i) Identify the party seeking review;

"(ii) Specify the issues upon which review of the initial determination is sought:

"(A) A finding or conclusion of material fact is clearly erroneous;

"(B) A legal conclusion is erroneous, without governing precedent, rule or law, or constitutes an abuse of discretion; or

"(C) The determination is one affecting Commission policy.

"(iii) Set forth a concise statement of the facts material to the consideration of the stated issues; and

"(iv) Present a concise argument setting forth the reasons why review by the Commission is necessary or appropriate to resolve an important issue of fact, law, or policy.

"(2) Any issue not raised in the petition for review filed pursuant to this rule will be deemed to have been abandoned and may be disregarded by the Commission in reviewing an initial determination."

STATEMENT OF THE CASE

The CAFC has denied Allied appellate review of a threshold, substantive 1987 determination by the ITC—on the ground that Allied had abandoned the issue in question in a prior 1984 ITC determination. The CAFC decision misconstrues the applicable ITC rules and the federal right of judicial review. The CAFC decision conflicts with decisions of the Courts of Appeals in other Circuits. The CAFC decision violates due process, is manifestly unjust and will have a substantial, and unwarranted, adverse impact on all parties to administrative proceedings in the ITC.

The CAFC denied Allied appellate review of a 1987 ITC construction of the claims of Allied's U.S. Patent 4,221,257 on the concededly important process of making amorphous metal strip. The proper construction of the Allied process patent claims is a threshold legal issue on which turn the issues of patent validity and patent infringement.

This Court need not determine the proper construction of the process patent claims. The Court need only determine whether Allied was improperly deprived of its day in the CAFC on that issue.

The 1987 ITC claim construction was the *fourth* reconstruction of the Allied patent claims by the ALJ and the ITC. It was the culmination of four ITC rulings from May 1984 through June 1987. Each of these four claim constructions differed from the others.

The first ALJ construction was adopted by the ITC, in 1984, without review—notwithstanding that respondents had expressly petitioned for such review of the ALJ's claim construction, issue was squarely joined, and the full Commission

had ample opportunity in 1984 to review the issue. Thereafter, in 1986, the ALJ twice reconstrued the claims, and in 1987, the full Commission retailored them still further.

Allied appealed to the CAFC from the 1987 ITC determination and modified exclusion order pursuant to 28 U.S.C. § 1295(a)(6) (A-10, 16). First under the procedural cloak of intentional waiver, and then—after it revised its opinion—under the procedural guise of abandonment, the CAFC denied Allied appellate review of this relentless revision of Allied's process patent.

In 1984, the ALJ issued an Initial Determination ("ID") in which the Allied patent claims were construed (A-48, 64). Based on the 1984 claim construction, the ALJ found that all respondents infringed (CA41, 46, 50; CC41, 46, 49).

Respondents jointly petitioned the ITC to review the 1984 ID claim construction. Respondents asserted that the ALJ erred in construing Allied's patent claims (e.g. CC10111, 10112, 10113). This was the principal issue raised under respondents' "Points of Error in the Initial Determination" (CC10111). In reply, Allied expressly challenged respondents' 1984 joint petition (CC10128A-30, 10131).

Thus, issue was plainly and expressly joined before the ITC in 1984 as to claim construction. The issue of claim construction, which the CAFC found in 1987 to have been waived or abandoned by Allied in 1984, was in fact squarely before the ITC in 1984. The ITC had full opportunity to consider that issue thoroughly in 1984.

The ITC declined respondents' request to review the 1984 ID, and therefore, did not address the contested issue of claim construction (CA207). Consistent with the ALJ's 1984 ID, the ITC issued an unqualified General Exclusion Order (CA755-59). Thus, Allied prevailed in 1984. Allied could not have appealed from the 1984 ITC determination or the 1984 General Exclusion Order because Allied was not adversely affected by either. *Allied Corp.* v. *United States Intern. Trade Comm'n,* 782 F.2d 982, 983 (Fed.Cir. 1986).

In contrast, respondents could have appealed from the 1984 ITC determination and the 1984 General Exclusion Order. They did not. Rather, two respondents, Hitachi Metals, Ltd., et al. ("Hitachi") and Vacuumschmelze GmbH ("Vac"), modified their competing processes, and in 1985, returned to the ITC for a ruling that their modified processes did not infringe.

In her March 3, 1986 Initial Advisory Opinion (A-37-39), the ALJ revised Allied's patent claims a second time and found that respondents modified processes did not infringe. In March 1986, Allied petitioned for review by the ITC, asserting (1) error in the ALJ's March 1986 claim construction and (2) fatal inconsistencies between the ALJ's March 1986 construction and the ITC's 1984 construction (e.g., CC10143). On remand from the ITC, the ALJ in August 1986 revised Allied's patent claims a third time (A-36).

After prohibiting any additional petitions, briefs, or other submissions directed to the ALJ's August 1986 opinion (CA299), the ITC issued its May 1987 determination (A-23-25; CA365-400; CC393-428). In June 1987, the ITC ruled that a modified exclusion order should issue (CA401-428).

In its May 1987 determination, the ITC endorsed a fourth construction of Allied's patent claims (A-35). Based on this new 1987 claim construction, the ITC found that respondents' modified processes did not infringe (CA380-84, CC408-12).

On appeal, the CAFC denied Allied appellate review of the claim construction issue on the ground that Allied had knowingly "waived"[2] Allied's right of review of the *1984* claim construction by failing to raise that issue in *Allied's* petition for review of the 1984 ID (A-16)—notwithstanding that (1) the 1984 issue had been expressly raised and extensively discussed

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[2] Later, and without any elaboration, the CAFC changed its "waiver" ground to "abandonment" (A-22). We are left to speculate whether the CAFC was attempting to reinforce its refusal with the "abandoned" language of ITC Rule 210.54(a)(2), or was attempting to answer Allied's contention in its petition for rehearing that the CAFC's *de novo* fact finding of knowing waiver was inappropriate at the appellate level. The CAFC's semantic distinction is of no substantive significance on either score.

by respondents in their joint petition, and contested by Allied, before the ITC in 1984, *and* (2) Allied was seeking appellate review of the *1987* ITC claim construction.

The CAFC denied Allied's petition for rehearing (except for the August 25 revision). This petition followed.

ARGUMENT

A. The Court Of Appeals For The Federal Circuit Has Misconstrued The Administrative Exhaustion Requirement Of 19 C.F.R. § 210.54, Denied Petitioner's Federal Right Of Appeal, And Put Itself In Conflict With Other Circuits

The CAFC denied Allied judicial review of the merits of the patent claim construction issue on the authority of 19 C.F.R. § 210.54(a)(2).

The clear purpose of Section 210.54(a)(2) is to assure that the ITC is afforded timely opportunity to review any issue that is objected to by a party and may subsequently be the subject of appeal to the CAFC. The filing of a petition in the ITC for review by any party to an ITC proceeding is sufficient to accomplish this purpose.[3]

Here the full Commission was afforded such opportunity at every stage of the proceeding. When respondents petitioned for review of the ALJ's 1984 construction of Allied's patent claims and Allied opposed the petition, issue was fully joined before the ITC. It would have served no purpose for Allied to have filed a separate petition for review of a 1984 ruling that Allied had no reason to challenge. Allied's failure to file such a petition in 1984 should not preclude Allied from obtaining judicial review of the 1987 patent claim construction issue when that issue was embodied in the 1987 modified exclusion order that was adverse to Allied.

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[3] The language of Section 210.54(a)(2) does not suggest that, where one party has already petitioned for ITC review of a factual finding or legal conclusion, the opposing party must likewise petition for review or be deemed to have abandoned the issue.

The CAFC's holding that Section 210.54(a)(2) bars judicial review of a 1987 issue that Allied did not itself raise at the administrative level in 1984 is inconsistent with the holdings of other federal Courts of Appeals. These courts have frequently recognized that, so long as an agency has been alerted to an issue and has had an opportunity to consider it, it is immaterial that the person seeking review of the agency's ruling is not the one who initially raised the issue.

In *Safir* v. *Kreps,* 551 F.2d 447, 452 (D.C. Cir. 1977), *cert. denied,* 434 U.S. 820 (1977), the court acknowledged the common law principle that litigants are "not free to raise points [for judicial review] without regard to whether they were argued at some stage of the administrative process." The court went on to emphasize the "narrow" scope of the doctrine requiring exhaustion of administrative remedies, observing that "[s]o long as the appellant *or some other party* has put an objection on the record, the obligation to exhaust is discharged." *Id.* (Emphasis added). *Also, Center for Auto Safety* v. *Thomas,* 806 F.2d 1071, 1076 (D.C. Cir. 1986), *vacated* 810 F.2d 302 (D.C. Cir. 1987) (per curiam) (en banc), *reinstated* 847 F.2d 843 (D.C. Cir. 1988) (per curiam) (en banc). ("This court has often entertained challenges by litigants who failed to participate in the administrative proceeding, about issues that had in fact been considered there"); *Natural Resources Defense Council* v. *U.S.E.P.A.,* 824 F.2d 1146, 1151 (D.C. Cir. 1987) ("This court has excused the exhaustion requirements for a particular issue when the agency has in fact considered the issue. . . . Thus, courts have waived exhaustion if the agency 'has had an opportunity to consider the identical issues [presented to the court]. . . but which were raised by other parties, . . .' ").

The Sixth Circuit has likewise recognized that a litigant may obtain judicial review of issues that were raised by others at the agency level. In *Buckeye Cablevision, Inc.* v. *United States,* 438 F.2d 948 (6 Cir. 1971), the court rejected the Federal Communications Commission's claim that the appel-

lant had failed to satisfy the exhaustion requirement of the Communications Act, 47 U.S.C. §405. The court observed that "[t]he Commission has had an opportunity to consider the identical issues in this case but which were raised by other parties . . . and it was not necessary for Buckeye to raise them again before the Commission." *Id.*, at 951. *Also, Local 512, Warehouse & Office Workers'* v. *N.L.R.B.*, 795 F.2d 705, 714 (9 Cir. 1986) (observing in *dictum* that "[o]nce an issue is raised before the NLRB, another party may litigate the issue on appeal").

The rulings of these cases simply reflect the standard and accepted fact of the right to appeal to a federal court from a decision of an administrative agency. Any party aggrieved by a decision of a federal administrative agency may seek judicial review with respect to issues raised and dealt with by the agency. This principle is codified in the Administrative Procedure Act and the statutory provisions applicable to ITC proceedings. 5 U.S.C. § 702 ("A person suffering legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judicial review thereof"); 19 U.S.C. § 1337(c) ("[a]ny person adversely affected by a final determination of the [International Trade] Commission" in proceedings such as this one may appeal to the CAFC in accordance with the Administrative Procedure Act). No magic words are necessary to raise or preserve the right to appeal with respect to any issue fully and fairly presented below. No talismanic formulas need be followed.

These authorities demonstrate that Allied has been deprived of its fundamental right of judicial review. This Court should grant certiorari to correct the error of the court below, to articulate clearly the general standard governing the right of appeal from an administative agency, and to afford Allied its right of appeal.

B. The Court Of Appeals Deprived Allied Of Its Right To Be Heard "At A Meaningful Time And In A Meaningful Manner" By Holding That Allied Should Have Raised The Patent Claim Construction Issue In 1984.

The CAFC held that Allied, by failing to challenge the ALJ's construction of Allied's patent claims in 1984, forfeited any opportunity to obtain judicial review of claim construction. But it is the 1987—not the 1984—claim construction that was the subject of Allied's appeal. It was only after respondents returned to the ITC in 1985, and the ITC found in 1987 that respondents' revised processes were noninfringing, that Allied had any cause to seek judicial review of the claim construction issue. Up to that point in 1987, Allied had done all that it could and should have done to preserve its right to judicial review.

This Court has repeatedly recognized that "[t]he fundamental requirement of due process is the opportunity to be heard 'at a meaningful time and in a meaningful manner.'" *Mathews* v. *Eldridge*, 424 U.S. 319, 333 (1976) (quoting *Armstrong* v. *Manzo*, 380 U.S. 545, 552 (1965)). Clearly, 1984 was not a "meaningful time" for Allied's current objections to the ITC's 1987 claim construction to be heard. Allied could only have speculated in 1984 as to whether the 1984 claim construction, or a subsequent revision of it, might pose problems in light of future modification of respondents' processes. The law does not demand such clairvoyance on the part of litigants.

In *Mathews* v. *Eldridge*, the Court set forth three factors that must be considered in determining whether a given procedure comports with due process, 424 U.S. at 335:

> "First, the private interest that will be affected by the official action; second, the risk of an erroneous deprivation of such interest through the procedures used, and the probable value, if any, of additional or substitute procedural safeguards; and finally, the Government's interest, including the function involved and the fiscal and administrative burdens that the additional or substitute procedural requirement would entail."

Here, the interest of Allied and of other parties seeking to exclude foreign goods alleged to infringe U.S. patents is substantial. There is a significant risk that such parties will be deprived of this interest if, as the CAFC has held here, they cannot obtain judicial review of core issues in administrative rulings because another party raised, but they themselves did not raise, the issues in the agency. Fundamental due process rights are cast aside when a litigant such as Allied is denied the right to judicial review of an adverse administrative agency decision because it did not raise a speculative challenge at a premature stage of the proceeding, but rather joined issue after respondents first raised it. In the place of due process, if the CAFC ruling is allowed to stand, parties will be obliged to burden agencies and courts with premature and speculative petitions and appeals.

The CAFC has deprived Allied of its due process right to be heard "at a meaningful time and in a meaningful manner" by refusing to review the merits of the 1987 patent claim construction. The Court should grant certiorari to clarify the due process rights of parties such as Allied who seek judicial review of protracted administrative proceedings, and specifically, to afford Allied the benefit of its due process right.

CONCLUSION

For the foregoing reasons, writ of certiorari should be granted.

Respectfully submitted,

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Court of Appeals Opinion
June 29, 1988

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

87-1455, -1616

ALLIED CORPORATION,

Appellant,

v.

UNITED STATES INTERNATIONAL TRADE COMMISSION,

Appellee,

and

HITACHI METALS, LTD., ET AL.,
VACUUMSCHMELZE GmbH,
NIPPON STEEL CORPORATION, ET AL.,
and SIEMENS CAPITAL CORP.,

Intervenors/Appellees.

David W. Plant, Fish & Neave, of New York, New York, argued for appellant Allied. With him on the brief were *David J. Lee, Eric M. Lee, Christopher B. Garvey* and *Robert A. Musicant.* Also on the brief were *Brian D. Forrow* and *David M. McConoughey,* Allied Corporation, of Morristown, New Jersey, of counsel.

Jean H. Jackson, Office of the General Counsel, U.S. International Trade Commission, of Washington, D.C., argued for appellee ITC. With her on the brief were *Lyn M. Schlitt,* General Counsel and *James A. Toupin,* Assistant General Counsel.

Court of Appeals Opinion

Thomas J. Macpeak, Sughrue, Mion, Zinn, Macpeak & Seas, of Washington, D.C., argued for intervenor Hitachi. With him on the brief were *Waddell A. Biggart* and *Sheldon I. Landsman.* Also on the brief were *Alan J. Neuwirth, Michael Doherty* and *Richard Mescon,* Webster & Sheffield, of New York, New York, of counsel.

John D. Simpson, Hill, Van Santen, Steadman & Simpson, of Chicago, Illinois, argued for intervenor Vacuumschmelze. With him on the brief was *Steven H. Noll.* Also on the brief was *Tom Schaumberg* and *Alice Kipel,* Howrey & Simon, of Washington, D.C., of counsel.

Thomas L. Creel, Kenyon & Kenyon, of New York, New York, argued for intervenor Nippon. With him on the brief were *Edward W. Greason, Robert T. Tobin, Philip J. McCabe, John J. Kelly, Jr.* and *Richard M. Rosati.*

Appealed from: U.S. International Trade Commission

Court of Appeals Opinion

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

87-1455, -1616

ALLIED CORPORATION,

Appellant,

v.

UNITED STATES INTERNATIONAL TRADE COMMISSION,

Appellee,

and

HITACHI METALS, LTD., ET AL.,
VACUUMSCHMELZE GmbH,
NIPPON STEEL CORPORATION, ET AL.,
and SIEMENS CAPITAL CORP.,

Intervenors/Appellees.

DECIDED: June 29, 1988

Before MARKEY, *Chief Judge,* DAVIS* and ARCHER, *Circuit Judges.* MARKEY, *Chief Judge.*

Consolidated appeals from an Advisory Opinion of the United States International Trade Commission (ITC), Investigation No. 337-TA-143 (May 28, 1987) (Appeal No.

* Circuit Judge Davis, who died on June 19, 1988, took no part in the decision of this case.

87-1455), and from a Modified General Exclusion Order, *Id.* (June 17, 1987) (Appeal No. 87-1616). We dismiss the appeal from ITC's Advisory Opinion for lack of jurisdiction and affirm the Modified General Exclusion Order.[1]

BACKGROUND

These appeals arise out of further developments in the 1983-84 ITC Investigation No. 337-TA-143, *In the Matter of Certain Amorphous Metals and Amorphous Metal Articles. See* USITC Publication 1664 (Nov. 1984); 49 Fed. Reg. 42803 (October 24, 1984).

A. The 1983-84 Investigation

On March 11, 1983, ITC commenced Section 337 proceedings (19 U.S.C. § 1337 (1982 & Supp. 1984)) against several importers of steel products, including parties to this action Hitachi Metals Ltd. (HML), Nippon Steel Corporation (NSC), Vacuumschmelze GmbH (VAC) and Siemens Capital Corp. (Siemens). In part, ITC investigated whether the processes used to make the imported products would infringe Allied Corporation's (Allied's) U.S. Patent No. 4,271,257 (the '257 patent) on a "method of forming continuous strip of amorphous metal" if such processes were carried out in the United States. ITC referred the investigation to an administrative law judge (ALJ) to conduct an evidentiary hearing and to issue an initial determination (ID).

The ID issued May 14, 1984. The ALJ construed the claims and determined that all respondents except HML had violated § 337 and § 337(a) by importing amorphous metal articles made by processes which would infringe the '257 patent if such processes were practiced in the United States.

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[1] Related cross-appeals (87-1493 & 87-1642) by Nippon Steel Corp. and Nippon Steel U.S.A., Inc. were dismissed by unpublished Order June 16, 1988.

Before the ALJ, respondents argued that the '257 claims were "fatally indefinite and ambiguous" (35 U.S.C. § 112) and that the invention recited in those claims would have been obvious in light of the prior art (35 U.S.C. § 103). Both arguments were rejected, however, because the ALJ interpreted the word "nozzle" as including the feature of wide lips.

> It is found that the word 'nozzle' as used in the '257 patent claims is ambiguous as to the structure of the nozzle, and that the specification can be used to construe this word. The '257 claims are construed as including the critical feature of the wide lips on the nozzle.

Inv. No. 337-TA-143, Initial Determination 44 (May 14, 1984) [hereinafter 1984 ID].

The ALJ left no doubt as to her interpretation of the scope of the '257 patent's claims:

> If the claims of the '257 patent are valid, it is only because the critical limitation relating to the width of the lips was read into the claims. If a respondent used a nozzle without wide lips, infringement could not be found.

Id. at 64.

Respondents and Allied petitioned the Commission for review. Respondents contended that the ALJ erroneously "preserved" the validity of the '257 patent by "reading in the limitation concerning wide lips." In response, Allied took the position that no review of the ALJ's claim construction and validity holdings was necessary.

> The ALJ found the word "nozzle" to be ambiguous and used the patent specification to *construe* this word to include "wide lips." The fault is not with the decision of the ALJ, but with the obvious mis-

> characterization of that holding by Respondents. No review of this issue is necessary. (Emphasis in original)

Allied went so far as to urge that the ALJ *correctly* construed "nozzle" to include the wide lips limitation.

> [T]he ALJ has correctly found that "[t]he '257 claims are construed as including the critical feature of the wide lips on the nozzle." The ALJ did not read Dr. Narasimhan's melt constraint or support theory into the '257 process claims.

In its petition for review, and in its response to respondents' petition for review, Allied argued that "the holding by the ALJ concerning the validity of the '257 claims when read *literally* is in error." At no point did Allied contend that the claim construction pertaining to "wide lips" was error.

ITC declined to review the ID, making it final. 19 C.F.R. § 210.53(h) (1988).[2] On August 1, 1985, ITC issued this Amorphous Metal Exclusion Order:

> Amorphous metal articles manufactured abroad in accordance with the process set forth in claims 1, 2, 3, 5, 8, and/or 12 of U.S. Letters Patent 4,221,257 are excluded from entry into the United States for the remaining term of said patent . . . .

B. The 1985-87 Proceedings

In early 1985 ITC granted petitions for advisory opinion proceedings filed by HML and VAC who sought advice that the importation of amorphous metal products made by their "new-

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[2] Allied did appeal from that final decision. *Allied Corp. v. United States Int'l Trade Comm'n*, 782 F.2d 982, 228 USPQ 1532 (Fed. Cir. 1986). That appeal concerned two other patents, however, and did not relate to any issues involved here. Allied's appeal was dismissed as untimely. *Id.* at 984, 228 USPQ at 1533.

ly developed" processes would not violate the Amorphous Metal Exclusion Order or section 337. *See* 19 C.F.R. § 211.54(b) (1988). ITC *sua sponte* initiated exclusion order modification proceedings, *see* 19 U.S.C. § 337(h); 19 C.F.R. § 211.57, with HML, VAC, NSC and Siemens as parties. The advisory opinion and exclusion order modification proceedings were consolidated for hearing.

On March 3, 1986, the ALJ issued an initial advisory opinion (IAO) and recommended determination (RD) on modification of the exclusion order. In the IAO and RD, the ALJ determined that the "new" HML and VAC processes did not infringe the '257 patent claims as interpreted by ITC in the original investigation, and recommended modification, accordingly, of the exclusion order. Allied petitioned ITC to review the ALJ's IAO and RD.

1. Advisory Opinion

On May 28, 1987, ITC issued its advisory opinion, which supplemented and modified the ALJ's IAO, but did not change its result. In particular, ITC stated:

> We reject Allied's arguments for redetermining the scope and validity of the '257 patent claims. Under the doctrine of law of the case . . . that decision should continue to govern the same issues in subsequent stages in the same case.
>
> . . . .
>
> Apart from the application of law of the case to these proceedings, we note that Allied agreed not to litigate the issue of claim interpretation in the advisory opinion proceedings. Indeed, at the end of the original investigation, Allied embraced the claim interpretation necessary to preserve the '257 patent's validity in the original investigation.

Investigation No. 337-TA-143, Advisory Opinion Proceeding, Views of the Commission at 11-12 (May 28, 1987) (footnotes omitted).

Citing the earlier claim construction of "nozzle" to include a "wide lips" limitation as recited in the specification, ITC "construe[d] the wide nozzle lips to be of the dimensions set forth in the 'Summary of the Invention' set forth in the '257 patent specification." *Id.* at 15.[3] ITC concluded that: "in order for respondents' processes to literally infringe the claims of the '257 patent, they must utilize a front casting nozzle lip that is at least 1.45 times as wide as the width of the casting nozzle's slot." *Id.* at 15-16.[4] ITC expressly refrained from determining the upper range of nozzle lips that would fall within the scope of the claims. *Id.* at 15. ITC also found that there was no infringement under the doctrine of equivalents.

2. Modified Order

On June 17, 1987, ITC issued an order modifying its Amorphous Metal Exclusion Order of August 1, 1985. In the Modified Order, paragraph 1 repeated the claim construction set out in the advisory opinion, and paragraphs 3 and 4 set out procedures to be followed by those desiring to import articles "covered" by the order:

> 3. Persons desiring to import amorphous metal articles covered by paragraph 1 of this Order may petition the Commission to institute such further

[3] The '257 specification provides that the "slot must have a width . . . of from about 0.3 to about 1 millimeter" and that "[t]he first [nozzle] lip must have a width at least equal to the width of the slot, and the second [nozzle] lip must have a width of from about 1.5 to about 3 times the width of the slot." *See id.* at 15.

[4] Based on expert testimony, ITC construed the word "about" in the claims "to allow a variance of up to .05 at the lower end of the front nozzle lip ratio range." *Id.* at 15 n.45.

> proceedings as may be appropriate in order to determine whether the amorphous metal articles sought to be imported fall outside the scope of paragraph 1 of this Order, and therefore should be allowed entry into the United States.
>
> 4. Persons desiring to import amorphous metal articles covered by this Order shall certify to the U.S. Customs Service that the amorphous metal articles sought to be imported were manufactured by a process that the U.S. International Trade Commission has determined to be outside the scope of paragraph 1 of this Order. . . .[5]

Allied appealed from the Advisory Opinion and from the Modified Exclusion Order.

ISSUES

(1) Whether this Court has jurisdiction over either appeal.

(2) Whether Allied waived its right to challenge ITC's claim construction.

(3) Whether ITC's finding of noninfringement under the doctrine of equivalents is supported by substantial evidence.[6]

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[5] Exclusion Orders requiring an importer to certify that the article sought to be imported was manufactured by a process that the Commission has determined would not infringe a U.S. patent if practiced in the United States are common where a process patent is at issue and there is no way to discern by inspection of the imported article whether that article was manufactured by an infringing process. *See, Certain Multicellular Plastic Film,* Inv. No. 337-TA-54, *aff'd, Sealed Air Corp. v. United States Int'l Trade Comm'n,* 645 F.2d 976 (CCPA 1981).

[6] Allied's arguments concerning literal infringement deal only with claim construction and thus are entirely answered by our discussion of waiver, *infra.*

OPINION

I. Jurisdiction

A. Statutory Framework

Under 28 U.S.C. § 1295(a)(6) (1982) this court has exclusive jurisdiction over "the final determinations of the United States International Trade Commission relating to unfair practices in import trade, made under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337)." The "final determinations" appealable to this court are specified in section 337(c) (Supp. 1984):

> The Commission shall determine, with respect to each investigation conducted by it under this section, whether or not there is a violation of this section. . . . Any person adversely affected by a final determination of the Commission under subsection (d), (e), or (f) of this section may appeal such determination, within 60 days after the determination becomes final, to the United States Court of Appeals for the Federal Circuit for review in accordance with chapter 7 of ~~Title 5.~~ Notwithstanding the foregoing provisions of this subsection, Commission determinations under subsections (d), (e), and (f) of this section with respect to its findings on the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, the amount and nature of bond, or the appropriate remedy shall be reviewable in accordance with section 706 of Title 5.

Section 337(d) reads:

> **~~(d)~~ Exclusion of articles from entry**
>
> If the Commission determines, as ~~a~~ result of an investigation under this section, that there is a viola-

> tion of this section, it shall direct that the articles concerned . . . be excluded from entry into the United States, unless, after considering the effect of such exclusion upon the public health and welfare . . . it finds that such article should not be excluded from entry.

Section 337(h) is also of interest here:

> **(h) Period of Effectiveness**
>
> Except as provided in subsections (f) and (g) of this section, any exclusion from entry or order under this section shall continue in effect until the Commission finds . . . that the conditions which led to such exclusion from entry or order no longer exist.

B. Advisory Opinion

That an agency may choose to render advisory opinions cannot create for one displeased with its advice a cause of action cognizable in an Article III court. A federal court's jurisdiction is limited to that conferred by Congress. *See Palmore v. United States*, 411 U.S. 389, 401-402 (1973); *Sundback v. Blair*, 47 F.2d 378, 380, 8 USPQ 220, 222 (CCPA 1931) (rules of administrative agency alone cannot confer appellate jurisdiction); *see also Arctic Corner, Inc. v. United States*, 845 F.2d 999, 1001 n.2 (Fed. Cir. 1988).

ITC Advisory Opinions (19 C.F.R. § 211.54(a), (b) (1987)) are not reviewable by this court because they are not "final determinations" required by sections 337(c) and 1295(a)(6). Section 211.54(c) provides that "[t]he Commission may at any time reconsider . . . any advice given under this section and, where the public interest requires, rescind or revoke its prior . . . advice." ITC's published comments on § 211.54 state: "Since . . . advisory opinions are not binding, they are not final orders and therefore not appealable." 46 Fed.

Reg. 17,526, 17,527 (March 18, 1981) (citing *Floersheim v. Weinburger*, 346 F. Supp. 950 (D.D.C. 1972)) [hereinafter ITC Comments].

ITC's attempt here to create a distinction between determinations under § 211.54 that are "truly advisory," because they do not result from "formal proceedings of the APA type," and determinations under § 211.54 that are not "truly advisory," because they result from proceedings that "effectively determine[] [an issue] as a final matter," is disingenuous, as is its assertion that the Customs Service treats ITC advisory opinions as binding. This court's jurisdiction cannot be made to turn upon such manipulatable criteria.

What counts in determining our jurisdiction is not the nature or thoroughness of the agency proceeding, but the effect of the agency determination. We reject the notion that an agency may issue what it calls "advisory" opinions and attempt to make some appealable and some not appealable on the basis of its selection among types of proceedings, or on the basis of how those opinions are treated by other agencies such as the Customs Service. If ITC wants one of its pronouncements to have effect as a final determination, it knows how to accomplish that objective without issuing opinions that may or may not be "truly advisory."[7] Put simply, the lack of finality, inherent in the word "advisory" and set out in § 211.54(c) itself, dooms review. *Cf. Block v. United States Int'l Trade Comm'n*, 777 F.2d 1568, 1571, 228 USPQ 37, 38-39 (Fed. Cir. 1985) (rejecting ITC argument that terminating investigation is in effect a final determination).

ITC's reliance on *Canadian Tarpoly Co. v. United States International Trade Commission*, 640 F.2d 1322, 1325, 209

[7] It is well established that "[a]dvisory opinions differ from declaratory orders in their lack of reviewability and in their lack of binding effect . . . ." K. Davis, *Administrative Law Treatise* § 4.09 at 265 (1958).

USPQ 33, 35 (CCPA 1981), is misplaced, for it does not support ITC's theory that some of its "advisory opinions" are appealable. *Canadian Tarpoly* was a petition for mandamus case involving an original exclusion order that, like the present Modified Order, and unlike the Amorphous Metal Exclusion Order, expressly provided for a subsequent proceeding to determine whether importation of a particular product would be allowed. An affirmative answer in that subsequent proceeding would automatically modify the existing exclusion order. Nothing in *Canadian Tarpoly* dealt with "advisory opinions" or § 211.54. Indeed, as there set out, petitioner declined ITC's suggestion that it seek an advisory opinion.[8]

Because we hold that this court has not been granted statutory authority to review ITC advisory opinions, we need not discuss the "case or controversy" provision of Article III of the Constitution. *See Ellis v. Brotherhood of Ry., Airline & S.S. Clerks*, 466 U.S. 435, 444 (1980); *Rescue Army v. Municipal Court*, 331 U.S. 549, 568-74 (1947).

C. The Modified Exclusion Order

NSC argues in a motion to dismiss that "this court has no jurisdiction to hear appeals from a modified exclusion order" because: (1) § 337(c) limits our review to ITC determinations under sections 337(d), (e), or (f); (2) authority for exclusion order modification proceedings is found in § 337(h); (3) § 337(d) is "completely silent as to exclusion order modi-

[8] In denying mandamus in *Canadian Tarpoly*, this court indicated that petitioner could appeal "if adversely affected by a final determination" in the modification proceeding. That view was repeated in *SSIH Equip. S.A. v. United States Int'l Trade Comm'n*, 673 F.2d 1387, 1390, 213 USPQ 529, 531 (CCPA 1982). At the time of *Canadian Tarpoly* and *SSIH*, there was no time set for appeal from original exclusion orders. Now that original exclusion orders become unappealable after 60 days, neither *Canadian Tarpoly* nor *SSIH* can be read as approving appeals from refusals to modify exclusion orders. That question is not before us in this case.

fication proceedings"; and (4) § 337(c) puts a 60-day limit on appeals.

NSC further argues that although this court "in specific procedural contexts has addressed appeals involving modified exclusion orders or arguably has stated it could do so," "all such cases were decided prior to the amendments to 19 U.S.C. § 1337 . . . placing a 60 day time limit on appeals from final determinations of the ITC."[9]

NSC's reading of § 337(c) is too restrictive in requiring a specific statutory provision for review of Modified Orders when the statute provides for review of original orders. NSC's view disregards the general rule that judicial review will not be precluded on the sole ground that specific procedures for judicial review of a particular agency action are not spelled out in a statute. *Traynor v. Turnage*, 108 S. Ct. 1372, 1378 (1988); *Bowen v. Michigan Academy of Family Physicians*, 476 U.S. 667, 670 (1986) ("strong presumption that Congress intends judicial review of administrative action"); *Fausto v. United States*, 783 F.2d 1020, 1022 (Fed. Cir. 1986), *rev'd on other grounds*, 108 S. Ct. 668, 673 (1988) (finding contrary Congressional intent); *Rosano v. Department of the Navy*, 699 F.2d 1315, 1318 n.13 (Fed. Cir. 1983); *see also* B. Mezines, J. Stein & J. Gruff, *Administrative Law* § 44.02 (1987 revision).[10] NSC cites no showing of " 'clear and convincing evidence' of a contrary legislative intent," *Abbott Laboratories v. Gardner*, 387 U.S. 136, 141 (1967), and we are aware of none.

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[9] *See e.g., SSIH Equip. S.A. v. United States Int'l Trade Comm'n*, 718 F.2d 365 (Fed. Cir. 1983), wherein this court reviewed a modified exclusion order.

[10] No case cited by NSC supports its argument that this court lacks jurisdiction to review a modified exclusion order. NSC's cases deal with the nonanalogous situations (administrative decisions apart from the merits; decisions declining to institute proceedings; decisions to terminate an investigation).

The statutory scheme of section 337 and its accompanying legislative history evidence that Congress did not intend that NSC's overly restrictive view govern judicial review of final determinations on the merits made by ITC under sections (d), (e), and (f). *See* H. Rep. No. 571, 93rd Cong., 1st Sess. 78 (1974) ("Any order of the Commission entered in any proceeding would be subject to judicial review in the CCPA") (quoted in *LSI Computer Sys. v. United States Int'l Trade Comm'n*, 832 F.2d 588, 590 (Fed. Cir. 1987)); S. Rep. No. 1298, 93rd Cong., 2d Sess. 196-97 (1974), *reprinted in* 1974 *U.S. Code Cong. & Admin. News* 7186, 7329 ("under section 337(c) the Committee would extend the right to judicial review of final Commission determinations (of whether there is a violation of section 337 or whether there is reason to believe there is a violation)"); *see also SSIH Equip. S.A. v. United States Int'l Trade Comm'n*, 673 F.2d 1387, 1390 n.9 (CCPA 1982) (§ 1337(c) is "expansive statement of reviewable determinations"); ITC Comments at 17526 ("[A]ctions construable as final Commission actions under the rules, such as substantive modifications to cease and desist orders and the entry or removal of exclusion orders, would be reviewable before the [CCPA]").

ITC finds authority to modify an existing exclusion order in § 337(h), *see* 5 C.F.R. § 211.57 (1987); *cf Young Engineers v. United States Int'l Trade Comm'n*, 721 F.2d 1305, 1312-13, 219 U.S.P.Q. 1142, 1148-49 (Fed. Cir. 1983); yet when it actually modifies that order and issues the modified order it is making an appealable final determination under subsection (d), (e), or (f). The order modifying the existing order inherently relates to the propriety of the exclusion order and affects its validity. *See Viscofan, S.A. v. United States Int'l Trade Comm'n*, 787 F.2d 544, 552, 229 USPQ 118, 124 (Fed. Cir. 1986). The result is the same as that which would prevail if ITC had issued the modified order in the first instance.

The lure of NSC's simplistic reading of the statute evaporates when one realizes that the exclusion and cease-and-desist remedies of sections (d), (e), or (f) come into play only when an investigation has resulted in a finding that section 337(a) has been violated. Under NSC's narrow reading of the statute, a final order refusing to exclude an import because the patent was held invalid would not be appealable. That result would be contrary to the expressed intent of section 337(c). *See* S. Rep No. 1298, *supra; see also Surface Technology, Inc. v. United States Int'l Trade Comm'n*, 801 F.2d 1336, 231 U.S.P.Q. 192 (Fed. Cir. 1986) (reviewing ITC determination of no violation of § 337); *Lannon Mfg. Co. v. United States Int'l Trade Comm'n*, 799 F.2d 1572, 231 USPQ 32 (Fed. Cir. 1986).

The 1984 amendment to section 337(c) mandating a 60-day time limit on appeals from final determinations under subsections (d), (e), or (f), has no effect on our jurisdiction here. Because the Modified Order is itself a final determination under subsection (d), Allied's appeal was timely. It is irrelevant that the appeal was more than 18 months after publication of ITC's Amorphous Metals Exclusion Order. *See Young Engineers*, 721 F.2d at 1312, 219 USPQ at 1149 (12 (or 18) month rule of § 337(b) "means only [that] the conclusion that there is a violation or no violation of § 337(a)" must be made within that time period).

II. Waiver

Allied waived review of the claim construction in the ALJ's 1984 ID by failing to raise the issue in its petition for review of that ID. *See Warner Bros. v. United States Int'l Trade Comm'n*, 787 F.2d 562, 564, 229 USPQ 126, 127 (Fed. Cir. 1986). Allied's effort to now litigate its claim construction issues is improper.

Allied not only waived review, but did so knowingly. ITC's rules require a concise statement of the reasons why

review of the ID is necessary, 19 C.F.R. § 210.54(a)(ii), (iii), (iv) (1988), and provide that any issue not raised in the petition will be deemed abandoned, 19 C.F.R. § 210.54(a)(2) (1988). Moreover, Allied did far more than fail to argue; it affirmatively stated that the ALJ's construction was correct. *Lizut v. Department of the Army*, 717 F.2d 1391 (Fed. Cir. 1983) (petitioner's endorsement of Presiding Official's decision effected a waiver).

Allied's argument that ITC added further claim limitations in the 1987 proceeding is disingenuous. The ALJ's ID states that the '257's specification "indicates that the lips must have a certain width relative to the width of the slot of the nozzle." 1984 ID at 41. Further, the ALJ's finding 336 states that "the minimum width of the first and second lip are given in the specification." ITC's 1987 determination stated those same parameters.

Allied says "ITC's 1987 claim construction . . . convert[s] processes found infringing by ITC in 1984 to noninfringements" because "if the ITC incorporates the 'critical' lower limits in the claims, it must incorporate the no less 'critical' upper limits." The assertion fails because the 1984 and 1987 claim constructions are the same, that in 1987 being merely the listing of the actual parameters referred to in 1984 as being found in the specification. Moreover, Allied's point is that incorporation of the upper limits would have required a finding of noninfringement in 1984, which may account for Allied's failure to raise the argument in 1984. ITC consistently stated that it was not determining the upper limits that might fall within the scope of the '257 patent. What ITC might decide cannot, however, serve as a basis for reversal in this case. *Beloit Corp. v. Valmet Oy*, 742 F.2d 1421, 1423, 223 USPQ 193, 194 (Fed. Cir. 1984) ("this court does not sit to review what the Commission has not decided"), *cert. denied*, 472 U.S. 1009 (1985).

III. Doctrine of Equivalents

Allied's main attack on ITC's finding of nonequivalence rests on the argument that ITC erred in law by "compar[ing] the *lips* of the 'new' processes to the *lips* of Allied's preferred nozzle" (emphasis Allied's), rather than "compar[ing] the 'new' processes to the '257 claimed process." Allied's argument fails because ITC did not do that. ITC assumed that every step of the new process (other than wide lips) was substantially the same as the corresponding limitation found in the '257 process. ITC's opinion evidences that it considered the effect of the lone difference between the HML and VAC processes and the patented process on the working of those processes as wholes. The finding that neither wide lips nor equivalents of those lips were employed in the HML and VAC processes led to an ultimate finding of nonequivalence between those processes and the patented process. That was not error. *See Spectra Corp. v. Lutz*, 839 F.2d 1579, 1582, 5 USPQ2d 1867, 1869-70 (Fed. Cir. 1988); *Pennwalt v. Durand-Wayland Corp.*, 833 F.2d 931, 934-36, 4 USPQ2d 1737, 1739-41 (Fed. Cir. 1987) (in banc), *cert. denied*, 108 S. Ct. 1226, 1474 (1988).

We have carefully reviewed the record in light of the remainder of Allied's arguments regarding equivalence and conclude that substantial evidence supports ITC's finding.

CONCLUSION

Allied's appeal from ITC's advisory opinion is dismissed for lack of jurisdiction. ITC's modified exclusion order is affirmed.

COSTS

Each party will bear its own costs.

DISMISSED-IN-PART AND AFFIRMED-IN-PART

Court of Appeals Judgment
June 29, 1988

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

87-1455, -1616

ALLIED CORPORATION,
Appellant,

v.

UNITED STATES INTERNATIONAL TRADE COMMISSION,
Appellee,

and

HITACHI METALS, LTD., ET AL., VACUUMSCHMELZE GMBH,
NIPPON STEEL CORPORATION, ET AL.,
and SIEMENS CAPITAL CORP.,
Intervenors/Appellees.

JUDGMENT

ON APPEAL from THE UNITED STATES INTERNATIONAL TRADE COMMISSION

in CASE NO(S). 337-TA-143

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED: DISMISSED-IN-PART AND AFFIRMED-IN-PART.

ENTERED BY ORDER OF THE COURT

DATED June 29, 1988

FRANCIS X. GINDHART
Francis X. Gindhart, Clerk

ISSUED AS A MANDATE: AUGUST 11, 1988

Court of Appeals Order
August 1, 1988

Note: This Order has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

87-1455, -1616

ALLIED CORPORATION,
Appellant,

v.

UNITED STATES INTERNATIONAL TRADE COMMISSION,
Appellee,

and

HITACHI METALS, LTD., ET AL., VACUUMSCHMELZE GMBH,
NIPPON STEEL CORPORATION, ET AL.,
and SIEMENS CAPITAL CORP.,
Intervenors/Appellees.

Before MARKEY, *Chief Judge,* and ARCHER, *Circuit Judge.*

ORDER

A petition for rehearing having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, denied.

The suggestion for rehearing in banc is under consideration.

FOR THE COURT:

FRANCIS X. GINDHART

Francis X. Gindhart, Clerk

August 1, 1988

Date

cc: Mr. David J. Lee
Mr. Thomas L. Creel
Mr. Thomas J. Macpeak
Ms. Jean H. Jackson, ITC
Mr. Tom M. Schaumberg
Mr. John D. Simpson

Court of Appeals Order
August 23, 1988

Note: This Order has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

87-1455, -1616

ALLIED CORPORATION,
Appellant,

v.

UNITED STATES INTERNATIONAL TRADE COMMISSION,
Appellee,

and

HITACHI METALS, LTD., ET AL., VACUUMSCHMELZE GMBH,
NIPPON STEEL CORPORATION, ET AL.,
and SIEMENS CAPITAL CORP.,
Intervenors/Appellees.

Before MARKEY, *Chief Judge,* and ARCHER, *Circuit Judge.*

ORDER

A suggestion for rehearing in banc having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the suggestion for rehearing in banc is declined.

FOR THE COURT:

FRANCIS X. GINDHART

Francis X. Gindhart, Clerk

August 23, 1988

Date

cc: Mr. David J. Lee
Mr. Thomas L. Creel
Mr. Thomas J. Macpeak
Ms. Jean H. Jackson, ITC
Mr. Tom M. Schaumberg
Mr. John D. Simpson

Court of Appeals Order
August 25, 1988

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT
87-1455, -1616

ALLIED CORPORATION,

Appellant,

v.

UNITED STATES INTERNATIONAL TRADE COMMISSION,

Appellee,

and

HITACHI METALS, LTD., ET AL., VACUUMSCHMELZE GmbH,
NIPPON STEEL CORPORATION, ET AL.,
and SIEMENS CAPITAL CORP.,

Intervenors/Appellees.

Before MARKEY, *Chief Judge*, DAVIS* and ARCHER, *Circuit Judges*. MARKEY, *Chief Judge*.

ORDER

Having reconsidered the Petition for Rehearing, the panel grants that Petition to the extent of ordering the following changes in the opinion. Accordingly,

IT IS ORDERED THAT

On page 7 [A-9], in (2) change "waived" to —abandoned—; in n. 6 change "waiver" to —abandonment—.

On page 15 [A-16], fourth [ninth] line from the bottom (in II.), change "Waiver" to —Abandonment—; in third [eighth] line from the bottom change "waived" to "abandoned".

On page 16 [A-16], line 4 [second line from the bottom] delete everything up to "ITC's".

FOR THE COURT

8-25-88
Date

HOWARD T. MARKEY
Howard T. Markey
Chief Judge

* Judge Davis took no part in the decision in this case.

ITC Determination
May 28, 1987
Excerpts Pages 1-16

PUBLIC VERSION
[Confidential Business Information Deleted]

UNITED STATES INTERNATIONAL
TRADE COMMISSION
Washington, D.C. 20436

In the Matter of

CERTAIN AMORPHOUS METAL ALLOYS AND AMORPHOUS METAL ARTICLES

Investigation No. 337-TA-143 Advisory Opinion Proceedings

VIEWS OF THE COMMISSION[1]

The Commission has determined to affirm, with certain modifications, the initial advisory opinion (IAO)[2] of the administrative law judge (ALJ) with respect to the exclusion order the Commission issued in *Certain Amorphous Metal Alloys and Amorphous Metal Articles,* Inv. No. 337-TA-143. We therefore determined that the processes of respondents Hitachi Metals, Ltd., Hitachi Metals International, Ltd., and Vacuumschmelze GmbH for the manufacture of amorphous metal would not infringe U.S. Letters Patent 4,221,257 (the '257 patent) if practiced in the United States.[3] The Findings of Fact issued with the IAO are adopted to the extent that they are not inconsistent with this opinion.

[1] This opinion contains the following abbreviations: ALJ = Administrative Law Judge; AO-FF = Findings of Fact issued with the Initial Advisory Opinion, March 3, 1986; AO-TR = Transcript of Advisory Opinion Proceedings, Nov. 11-14, 1985; FR = Findings on Hearing on New Evidence and Information Requested on Remand, August 14, 1986; IA = Commission Investigative Attorney; IAO = Initial Advisory Opinion, March 3, 1986; ID = Unreviewed Initial Determination issued in this investigation, Oct. 24, 1984; ID-FF = Findings of Fact issued with the Initial Determination, Oct. 24, 1984; RD = Recommended Determination issued in the Modification of Exclusion Order Proceedings, March 3, 1986; R-TR = Transcript of Hearing on Remand, July 21-23, 1986.

[2] Issued on March 3, 1986.

[3] The '257 patent is the basis for the Commission's exclusion order.

1987 ITC Determination

BACKGROUND

I. Procedural History

An investigation was conducted in 1983 and 1984 to determine whether there was a violation of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) in the importation or sale of certain amorphous metal alloys and amorphous metal articles from Japan and the Federal Republic of Germany.[4] After finding a violation in the importation of the accused articles, the Commission issued a general exclusion order which prohibited the entry of amorphous metal articles cast abroad by the processes claimed in claims 1, 2, 3, 5, 8, or 12 of the '257 patent. The '257 patent is owned by complainant Allied Corporation (Allied).[5]

The Commission's final determination in the original investigation (an unreviewed initial determination, hereinafter referred to as the ID) construed the claims of the '257 patent and found that while the respondents' casting processes were infringing, the modification of certain features would avoid infringement.[6] Respondents Hitachi Metals, Ltd. and Hitachi Metals International, Ltd. (collectively, HML), and respondent Vacuumschmelze GmbH (Vac) thereafter claimed to have modified their casting processes to avoid infringement, and requested (1) modification of the Commission's exclusion order under Commission rule 211.57 (19 C.F.R. § 211.57) or (2) issuance of an advisory opinion under Commission rule 211.54 (19 C.F.R. § 211.54) to allow or facilitate the importation of articles cast by the modified processes.[7]

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[4] *See* 48 Fed. Reg. 15963 (Apr. 13, 1983); 48 Fed. Reg. 43108 (Sept. 21, 1983); 49 Fed. Reg. 4047 (Feb. 1, 1984).

[5] Commission Action and Order of October 15, 1984. *See* Certain Amorphous Metal Alloys and Amorphous Metal Articles, Investigation No. 337-TA-143, USITC Publication 1664 (Nov. 1984); 49 Fed. Reg. 42083 (Oct. 24, 1984).

[6] *See generally* USITC Pub. 1664 — Unreviewed Initial Determination of May 14, 1984 (ID) at 44, 62-70; 49 Fed. Reg. 29159 (July 18, 1984).

[7] *See* Motion No. 143-86"C" filed February 22, 1985 (HML) and Motion No. 143-89"C" filed May 23, 1985. (Vac).

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The Commission granted respondents' request and instituted advisory opinion proceedings under rule 211.54 to determine whether respondents' modified casting processes would infringe the '257 patent if those processes were practiced in the United States. The Commission also authorized consolidation of the HML and Vac advisory proceedings[8] and instituted exclusion order modification proceedings on its own motion to determine whether its exclusion order should be modified, vacated, or left unchanged. The Commission ordered that the modification proceedings be presided over by an ALJ who would conduct adversary proceedings, make findings of fact and conclusions of law, and issue a recommended determination (RD).[9]

On March 3, 1986, the presiding administrative law judge issued an initial advisory opinion together with findings of fact and conclusions of law concerning the respondents' modified casting processes. The IAO determined that HML and Vac now have the capability of manufacturing good quality wide amorphous metal strip in commercial quantities by casting processes that have been modified to avoid infringement of the '257 patent.[10] Allied and the Commission investigative attorney (IA) petitioned for review of the IAO on March 28, 1986.

On June 5, 1986, the Commission determined to review the IAO and to remand the advisory proceedings to the ALJ.[11] On remand, the ALJ was asked to provide additional findings as well as supplement the IAO with additional citations to the record and legal authorities. The Commission also referred a motion to the ALJ filed by Allied for admission of new evidence and sanctions against HML.[12] The Commission asked the ALJ

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[8] Commission Action and Order of July 26, 1985; Commission Action and Order of Sept. 11, 1985; 19 C.F.R. § 211.54(b).

[9] Commission Action and Order of July 26, 1985, 50 Fed. Reg. 31260 (Aug. 1, 1985); 19 C.F.R. § 211.57. Our determination in the modification proceedings will be issued in a separate opinion.

[10] IAO at 39.

[11] Commission Action and Order of June 13, 1986.

[12] *Id. See* Motion 143-120 "C".

to consider whether the new evidence should be admitted and, if admitted, whether it would change the findings in the IAO concerning HML or the recommendation given in the RD. On August 14, 1986, after completing an evidentiary hearing based on the new evidence, the ALJ issued additional findings. The ALJ did not, however, alter the determination of the IAO or the recommendation given in the RD.

II. The Parties

Allied Corporation, complainant in the *Amorphous Metals* investigation, is organized under the laws of New York and has its principal place of business in Morristown, New Jersey.[13] Respondent Hitachi Metals, Ltd. is a Japanese corporation located in Tokyo, Japan. Respondent Hitachi Metals International, Ltd., a subsidiary of Hitachi Metals, Ltd., is a domestic corporation located in White Plains, New York.[14] Respondent Vacuumschmelze GmbH is a German corporation with its main offices in Hanau, Federal Republic of Germany.[15] These respondents participated in the original investigation and were found to have been using processes to manufacture amorphous metal that, if practiced in the United States, would infringe the '257 patent.

III. History of the '257 patent[16]

On October 22, 1976, Allied filed a patent application with the U.S. Patent and Trademark Office (PTO) entitled "Continuous Casting Methods for Metallic Strips". This original application contained a set of claims to a strip of amorphous metal as well as sets of claims for both the method and apparatus used in producing the strip. Allied allowed the

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[13] ID-FF 6.

[14] ID-FF 7-8.

[15] ID-FF 12.

[16] *See generally* ID-FF 289-300.

original application to become abandoned and filed a continuation-in-part (CIP) application on August 2, 1977. The CIP application added new material to the specification that was filed with the original application and repeated the same three sets of claims that were presented in the original application. The PTO required Allied to limit its application to only one set of claims. Allied elected to prosecute its apparatus claims, and eventually was granted a patent for an apparatus used in producing amorphous metal strips (U.S. Letters Patent 4,142,571, issued March 6, 1979). On October 10, 1978, Allied filed a divisional application (based on the CIP application) which contained only process claims. On September 9, 1980, the divisional application matured into U.S. Letters Patent 4,221,257, entitled "Continuous Casting Methods for Amorphous Metallic Strips", the patent at issue in these proceedings.

ISSUE PRESENTED

Articles made by processes that would infringe the '257 patent, if practiced in the United States, are barred from entry by an exclusion order which was issued in October 1984 at the end of Inv. No. 337-TA-143.[17] The issue presented in these advisory proceedings is whether the importation of articles made by respondents' modified processes would be covered by the exclusion order issued in the original investigation.[18] This entails determining whether the modified processes would infringe the relevant claims of the '257 patent if the processes were practiced in the United States.

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[17] Commission Action and Order of October 15, 1984.

[18] Rule 211.54(b); 19 CFR 211.54(b).

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INFRINGEMENT

Analysis of patent infringement entails two inquiries: determination of the scope of the claims, a question of law; and the factual finding of whether properly construed claims encompass the accused structures.[19] This analytical framework applies whether claims are asserted to be infringed literally or by application of the doctrine of equivalents.[20]

I. Determination of the Scope of the Claims

A. The Patent

The '257 patent discloses a "continuous casting method for metallic amorphous strips." The claims at issue are claims 1-3, 5, 8, and 12.

The broadest claim is claim 1, which reads as follows:

> 1. A method of forming continuous strip of amorphous metal from a molten alloy capable of forming an amorphous structure comprising:
>
> a. forcing the molten alloy under pressure through a slotted nozzle positioned generally perpendicular to the direction of movement of a chill surface and located in close proximity to the chill surface to provide a gap of from about 0.03 to about 1 millimeter between said nozzle and the chill surface;
>
> b. advancing the chill surface, at a predetermined speed; and

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[19] *Texas Instruments Inc. v. U.S.I.T.C.*, 231 U.S.P.Q. at 834 (citing *Mannesmann Demag Corp. v. Engineered Metal Products Co.*, 793 F.2d 1279, 1282, 230 U.S.P.Q. 45, 46 (Fed. Cir. 1986) and *Caterpillar Tractor Co. v. Berco, S.P.A.*, 714 F.2d 1110, 1114, 219 U.S.P.Q. 185, 187 (Fed. Cir. 1983)).

[20] *Texas Instruments*, 231 U.S.P.Q. at 834.

> c. quenching the molten metal in contact with the chill surface at a rapid rate to effect solidification into a continuous amorphous metal strip.[21]

Claims 2, 3, 5, and 8 each incorporate "the method of claim 1," and add various limitations on the process features recited in that claim. Claims 2, 3, 5, and 8 are dependent on independent claim 1. Claim 12 is an independent claim. Although claim 12 does not incorporate "the method of claim 1", it encompasses the elements of claim 1 and adds various limitations to the process features recited in that claim. Claim 1 is the broadest claim, and claim 12 is directed to the preferred embodiment of the '257 patent. Because claim 1 is the broadest claim, if it has not been infringed, neither have any of the other claims.

B. The Original Investigation

In the original investigation the Commission determined, among other things, that:

> 1. [T]he word "nozzle" as used in the '257 patent claims is ambiguous as to the structure of the nozzle, and . . . the specification can be used to construe this word. The '257 claims are construed as including the critical feature of the wide lips on the nozzle. Allied, however, must prove that each respondent has used this feature before infringement can be found.
>
> The '257 patent is not invalid under [35 U.S.C. § 112]. The claims read in the light of the specification particularly point out and distinctly claim the subject matter which the applicant regards as his invention.[22]

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[21] For purposes of the '257 patent, a strip is a slender body with transverse dimensions that are much less than its length. This includes wire, ribbon, and sheets of regular or irregular cross-section. '257 Patent at Col. 1, lines 17-20.

[22] *Id.* at 44.

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> 2. It is important at the outset to distinguish between a comparison of Narasimhan's [the inventor of the '257 patent] invention as he saw it (including the width of the lips of the nozzle supporting the molten metal) with the prior art, and a comparison of the claims of the '257 patent with the prior art. If the Narasimhan invention is compared with the prior art, the subject matter of the invention as a whole would not have been obvious to one with ordinary skill in the art at the time of the invention. If the '257 *claims* (read literally) are compared with the prior art, however, the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art of casting amorphous metal. The critical features of the Narasimhan invention relating to supporting the melt on the width of the lips of the nozzle can be read into the claims from the specification because the references to "nozzle" in the claims are ambiguous. The decisive comparison therefore is between the invention as set forth in the specification and the prior art.[23]
>
> 3. If the claims of the '257 patent are valid, it is only because the critical limitation relating to the width of the lips was read into the claims. If a respondent used a nozzle without wide lips, infringement could not be found.[24]

The Commission thus determined that if the claims of the '257 patent were read literally, they would be invalid under 35 U.S.C. § 103 for obviousness. The Commission, however,

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[23] *Id.* at 48.

[24] *Id.* at 64. (See generally, ID at 62-73 concerning infringement of the '257 patent, and ID-FF 446-553.)

construed the claims of the '257 patent to include the critical feature of wide nozzle lips on the casting nozzle, and determined that the claims so construed would not be invalid under 35 U.S.C. § 103. The Commission also found that the claims of the '257 patent were valid under 35 U.S.C. § 112, but only if read in light of the specification.[25] Finally, the Commission stated that if respondents used slotted nozzles without wide flat lips, they would not infringe the claims of the '257 patent as so construed.[26]

As discussed below, neither the characterization of the '257 invention as set forth in the ID nor the ID's determination concerning the validity of the '257 patent were subject to redetermination in these proceedings.

C. The Review

In its petition for review of the IAO, Allied argued that the Commission should not follow the characterization of the '257 invention set forth in the ID, but instead should characterize the "essence" of the invention as "melt support".[27] Allied argued that if anything were read into the claims it should have been "melt support", not wide lips on the casting nozzle.[28] Allied further argued that since the prior art was not shown to teach

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[25] 35 U.S.C. § 112, second paragraph states:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

[26] *Id.* at 64.

[27] *See* generally, Allied's Petition for Review at 3, 30-34. Allied admits that during the advisory proceeding its counsel agreed not to relitigate the issues decided in the original proceedings. R-TR at 6432-6434. Allied argues, however, that it should not be held to that agreement because the IAO does not follow the ID. Allied Petition for Review at 9. Because this opinion eliminates any inconsistencies between the ID and the Commission's advisory determination, Allied's arguments based on inconsistencies between the ID and the IAO are irrelevant.

[28] Allied's Petition at 50; Allied's Reply in Support of its Petition at 41-48.

"melt support",[29] characterization of the '257 invention as "melt support" would result in a finding that the '257 claims are valid, as they were written, under 35 U.S.C. § 103.

We reject Allied's arguments for redetermining the scope and validity of the '257 patent claims. Under the doctrine of the law of the case, when a tribunal decides upon a rule of law in a case, that decision should continue to govern the same issues in subsequent stages in the same case.[30] This doctrine grants courts and administrative bodies the discretion to avoid wasteful relitigation of matters already decided by the tribunal where to do so would not work an injustice.[31] Allied had a full and fair opportunity to litigate the issues of the scope and validity of the '257 claims in the original investigation. Thus, it would not work an injustice to apply the doctrine of law of the case in these proceedings. We note that claim construction is a question of law,[32] and thus, the doctrine of the law of the case is applicable in these proceedings.[33]

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[29] Allied's argument to the contrary notwithstanding, the ID made no determination of whether the prior art taught melt support *per se*. That issue was not before the Commission in the original investigation. The Commission did, however, determine that the prior art did not teach supporting the melt on wide casting nozzle lips. We note that passages in the ID at 52, 54, and 55 did not refer to the wide lips in their discussion of the prior art. A reading of the entire ID, however, makes it clear that these passages referred to supporting the melt on wide nozzle lips, not supporting the melt *per se*.

[30] *Arizona v. California*, 460 U.S. 605, 618 (1983).

[31] *See generally*, 1B J. Moore & T Currier, Moore's Federal Practice, ¶0.404 (1984).

[32] *Molinaro v. Fannon/Courier Corp.*, 745 F.2d 651, 652, 223 U.S.P.Q. 706-07 (Fed. Cir. 1984).

[33] We note that the doctrine has frequently been applied to claim construction rulings in patent cases. *See, e.g., Stewart-Warner Corp. v. City of Pontiac*, 767 F.2d 1563, 1568, 226 U.S.P.Q. 676, 679 (Fed. Cir. 1985); *Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 900-01, 221 U.S.P.Q. 669, 679 (Fed. Cir. 1984), *cert. denied*, 469 U.S. 857 (1984); and *Stearns v. Beckman Instruments, Inc.*, 737 F.2d 1565, 1568, 222 U.S.P.Q. 457, 459-460 (Fed. Cir. 1984).

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Apart from application of the law of the case to these proceedings, we note that Allied agreed not to litigate the issue of claim interpretation in the advisory opinion proceedings.[34] Indeed, at the conclusion of the original investigation, Allied embraced the claim interpretation necessary to preserve the '257 patent's validity in the original investigation.[35]

D. Claim Interpretation

In the original investigation, respondents were found to be using casting nozzles with relatively wide lips. Thus, infringement was found because respondents' processes were encompassed by the scope of the claims as interpreted in the ID (i.e. respondents' processes utilized relatively wide lips on a casting nozzle).[36] In the proceedings now before us, respondents claim that their modified processes employ nozzle lips that

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[34] AO-TR at 385-386. *See also* note 27.

[35] For example, Allied stated:

In short, the ALJ properly interpreted *Autogiro* and properly followed its holding. The ALJ found the word "nozzle" to be ambiguous and used the patent specification to *construe* this word to include "wide lips". The fault is not with the decision of the ALJ, but with the obvious mischaracterization of that holding by Respondents. No review of this issue is necessary.

Allied Response to Respondent's Petition for Review of the Initial Determination at 5.

* * * * *

At page 44 of the ID the ALJ has correctly found that "[t]he '257 claims are construed as including the critical feature of the wide lips on the nozzle." The ALJ did not read Dr. Narisimhan's melt constraint or support result or theory into the '257 process claims. The ALJ went into great detail at pages 62-66 of the ID to explain why it was not necessary for Allied to prove that the Vacuumschmelze wide lips supported or constrained the melt. All that was required from Allied was to show, which it did, that the Vacuumschmelze nozzles have wide lips. (ID 64 and 66).

Allied's Response to Respondents' Petition for Review of the Initial Determination, at 16.

[36] ID at 62-70.

are too narrow to be covered by the claims of the '257 patent as interpreted by the Commission. Thus, respondents raise an issue in the advisory proceedings that was not litigated before the Commission in the original investigation, viz., whether casting processes utilizing narrow nozzle lips infringe the '257 patent.[37] We intend that our resolution of this issue be consistent with the characterization of the invention found in the ID.

As we determined in the original investigation, the term "nozzle" as used in the '257 patent claims is ambiguous as to the structure of the nozzle. To resolve this ambiguity we looked to the '257 patent specification labeled "Summary of the Invention" describes the nozzle thusly: "The slot is defined by a pair of generally parallel lips, a first lip and a second lip, numbered in direction of movement of the chill surface. The slot must have a width, measured in the direction of movement of the chill surface, of from about 0.3 to about 1 millimeter."[38] "The first [nozzle] lip must have a width at least equal to the width of the slot, and the second [nozzle] lip must have a width of from about 1.5 to about 3 times the width of the slot."[39] We note that the width of the lips of the nozzle is expressly described in the patent specification as a "critical parameter".[40]

We also note that the memorandum of invention filed with Allied's patent department recited specific width limitations for the nozzle lips.[41] In addition, the testimony of Dr. Narasimhan, the inventor of the '257 process, indicates that the width of the nozzle lips is a critical feature of the '257 process.[42] Finally,

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[37] Although the issue was not litigated, the ID stated in dicta "If a respondent used a nozzle without wide lips, infringement could not be found." ID at 64.

[38] '257 patent Col. 3, lines 37-42.

[39] '257 patent Col. 3, lines 50-53.

[40] '257 patent Col. 3, 49-50.

[41] ID-FF 332, AO-FF 17.

[42] *See,* ID at 35; Narasimhan deposition taken November 11, 1983, (Allied Exhibit CF) at 65-85, 119-128; and AO-TR 18-22.

Allied's patent counsel advised an Allied employee, Mr. Wellslager, that he (Wellslager) could not be considered a co-inventor of the Narasimhan process *only* because Wellslager had not disclosed the *specific configuration of the nozzle lips* that Narasimhan had discovered.[43] Based on the foregoing, we reaffirm that the scope of the '257 patent covers processes for casting amorphous metals which utilize the critical feature of relatively wide nozzle lips. We further construe the wide nozzle lips to be of the dimensions set forth in the "Summary of the Invention" found in the '257 patent specification.

II. Literal Infringement.

Literal infringement requires that the accused device or process embody every element of properly interpreted claims.[44] For the respondents to literally infringe the claims of the '257 patent, their processes must utilize casting nozzles with back nozzle lips that are at least equal to the width of the nozzle slot and front nozzle lips that are from about 1.5 to about 3 times the width of the nozzle opening. We construe the word "about" to allow a variance of up to .05 at the lower end of the front nozzle lip ratio range.[45] Thus, in order for respondents' processes to literally infringe the claims of the '257 patent, they must utilize a front casting nozzle lip that is at least 1.45 times as wide as the width of the casting nozzle's slot. We do not determine the upper range of nozzle lips that fall within the scope of the '257 patent. That issue is not before us.

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[43] ID-FF 364.

[44] *See Mannesmann Demag Corp. v. Engineered Metal Products,* 793 F.2d at 1282, 230 U.S.P.Q. at 46.

[45] Expert testimony indicates that the word "about" used with a number containing two significant figures, such as 1.5, should be interpreted to mean that the figure has a variance of two significant figures, in this case, .05. AO-TR at 486. "[A]bout 1.5" would thus cover ratios of from 1.45 to 1.55.

ALJ's Opinion On Remand
August 14, 1986
Excerpts Pages 56-57
PUBLIC VERSION

UNITED STATES INTERNATIONAL
TRADE COMMISSION
Washington, D.C.

In the Matter of
CERTAIN AMORPHOUS METAL ALLOYS
AND AMORPHOUS METAL ARTICLES

Investigation
No. 337-TA-143

FINDINGS ON HEARING ON NEW EVIDENCE AND INFORMATION REQUESTED ON REMAND

* * *

It is recommended that the change suggested by Nippon Steel, with which HML agrees, be made in the proposed exclusion order. This change would eliminate the upper limitation on the width of the nozzle lips. It would be easier for Customs to enforce the exclusion order if it had to look only at the minimum dimensions of the width of the nozzle lips and the slot. The product could be imported only if these dimensions were outside of the scope of the '257 patent. Allied would not have to prove that products with wider nozzle lips infringed under the doctrine of equivalents, and it would be easier for the Commission if it did not have to decide in each case how wide the nozzle lips could be and still infringe the '257 patent under the doctrine of equivalents. Anyone using extremely wide nozzle lips could request an advisory opinion from the Commission if he believed that the nozzle he intended to use did not infringe the '257 patent under the doctrine of equivalents.

ALJ's Initial Advisory Opinion
March 3, 1986
Excerpts Pages 10-12, 21-22, 39

[PUBLIC VERSION #2]

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

CERTAIN AMORPHOUS METAL ALLOYS AND AMORPHOUS METAL ARTICLES

Investigation No. 337-TA-143

INITIAL ADVISORY OPINION

* * *

Pages 10-12

In the summary of the invention in the patent specification, the *slot must have a width,* measured in direction of movement of the chill surface, *of from about 0.3 to about 1 millimeter.* The width of the lips is expressly described as a "critical parameter." *The first lip must have a width at least equal to the width of the slot,* and *the second lip must have a width of from about 1.5 to about 3 times the width of the slot.* It is by means of these wide lips that the "molten metal is mechanically supported on a chill surface" as the invention was summarized in lines 11 and 12 of column 3. [Emphasis in original].

Later in the patent specification (in the columns giving a detailed description of the invention and the preferred embodiments), the inventor describes his concept of how his invention works. The description of the way in which the molten metal is "supported" by the lips of the nozzle does not describe the structure or shape of the "nozzle," the only word that had been found to be ambiguous in claim 1. The back lip is described as supporting the melt essentially by the "pumping action" of the melt resulting from constant removal of solidified strip. The specification indicates that the rate of flow (of the melt) is controlled by the forming solidification front and the front lip

that mechanically supports the molten metal below it. In this embodiment of the invention, the melt is supported between the first nozzle lip and the solidification front, rather than between the first nozzle lip and the chill surface itself.

This part of the specification also gives the preferred measurements of the nozzle lips within the required ranges. It provides that the back lip must be at least about equal to the width of the slot, preferably at least about 1.5 times the width of the slot. If the back lip is too narrow, according to the specification the molten metal will tend to ooze out, and no strip or only irregular strip will be formed. The specification also indicates that in the preferred embodiment the front lip should be *about* 1.5 to *about* 3 times the width of the slot, and that if this lip is too narrow, it will fail to provide adequate support to the molten metal and only discontinuous strip will be produced. The suggested preferred embodiments and description of how the inventor thinks that "melt support" works in this part of the specification are not essential elements of the Narasimhan invention.

There is nothing in claim 1 that clearly refers to supporting the melt in any context. There is nothing ambiguous in claim 1 that could be construed as requiring the melt to be "supported" in some manner between the bottom of the lips of the nozzle and the chill surface. Claim 1 broadly claimed a method of forming amorphous metal strip by forcing molten alloy through a slotted nozzle positioned close to the moving chill surface. The essential and novel elements of the Narasimhan invention are not even hinted at in claim 1.

To be consistent with the description of the invention in the "summary of the invention," the Commission construed the ambiguous word "nozzle" in claim 1 as requiring the back lip of the nozzle (lip 1) to have a width at least equal to the width of the slot, and as requiring the front lip (lip 2) to have a width of from about 1.5 to about 3 times the width of the slot. (The approximate measurements of the slot are also described in the summary of the invention in the specification as an essential

part of the nozzle measurements and a required part of the invention, and also are read into the ambiguous word "nozzle" in claim 1.)

* * *

Pages 21-22

For literal infringement of the '257 patent, the nozzle opening must be at least about 0.3 to about 1 millimeter wide. The width of the back nozzle lip must be at least equal to the width of the nozzle opening. The width of the front lip must be from *about* 1.5 to *about* 3 times the width of the nozzle opening. [Emphasis in original].

Dr. Grant testified that the word "about" would allow a variance of up to .05, in the context of numbers with two significant figures, such as 1.5. Thus, a variance in the ratio of lip width to slot width of .05 would be allowed for the front lip of the nozzle. A front lip that is 1.45 times the width of the nozzle opening would be covered by the '257 patent.

The Narasimhan invention called for a back lip wider than the slot opening to prevent the melt puddle from being broken up by the air coming around the wheel, and to prevent extra melt from oozing out. The word "about" was not used for the back nozzle lip. A back lip less wide than the width of the slot opening would not be expected to work in the way the specification described the function of the back lip, unless other factors had changed, for example if the melt puddle had become smaller and the pressure on the melt had decreased. In other words, a process using a back lip more narrow than the width of the nozzle opening probably would be different from the one invented by Dr. Narasimhan, and if it worked, it would not be because of Dr. Narasimhan's invention.

* * *

Page 39

Nozzle openings greater than about one millimeter in width fall outside of the scope of claim 1, because the summary of the invention in the patent specification states that the slot *must* have a width of about 0.3 to about 1 millimeter. [Emphasis in original].

ALJ's Initial Determination
May 14, 1984
Excerpts Pages 34-44, 48, 64

PUBLIC VERSION

UNITED STATES INTERNATIONAL
TRADE COMMISSION
Washington, D.C.

In the Matter of

CERTAIN AMORPHOUS METAL ALLOYS AND AMORPHOUS METAL ARTICLES

Investigation No. 337-TA-143

INITIAL DETERMINATION

* * *

Pages 34-44

(a) What subject matter did Narasimhan regard as his invention?

Dr. Narasimhan believed that he was successful only when the nozzle was a short distance from the surface of the moving chill wheel because the molten metal was supported in part by the flat lips of the nozzle. The ribbon began to solidify when it touched the surface of the chill wheel. Because the melt was supported between the flat lips and the wheel surface, the force of the air moving around the swiftly moving wheel did not break up the molten metal before it solidified. The metal solidified after it moved away from the front lip of the nozzle and touched the chill wheel. As Dr. Narasimhan described his invention, the way in which he solved the problem of unsupported molten metal coming out of the crucible at uncontrolled speed was to use adjustable pressure on the molten metal in the crucible and a narrow slotted nozzle as an outlet for the molten metal, and to force the metal out of the nozzle at a controlled rate, while the molten metal was supported partially by the width of the lips of the nozzle. While the molten metal was held under the front and back lips of the nozzle, it was still

molten. The molten metal solidified and formed a ribbon when it touched the chilled wheel surface and was pulled away. When the nozzle was too far from the wheel, the molten metal would break up and spatter. When the nozzle was too close to the wheel, the molten metal touched the wheel surface too soon, the metal would solidify too soon, the wheel would stick on the crucible nozzle, and no ribbon would be formed. (TR 794-800, 812, 905, 910, 917).

[*] (Allied Ex. 329) Dr. Narasimhan also testified at his deposition that the lips, the dimensions, and the way the nozzle was structured provided the support for the melt pool in his process.

Dr. Narasimhan first named his process the "Supported Melt Drag Process." (TR 838-839, 908, 595). He testified that the melt is supported between the front lip and the "solidification" front, and between the back lip and the beginning of the ribbon before it had solidified.

Dr. Narasimhan considered that the critical aspects of his invention included the wide back lip of the nozzle that held the melt as it came out of the slot and the wide front lip that provided support for the melt on the front side before it touched the wheel surface, solidified into ribbon, and was carried away by the movement of the wheel. In the Narasimhan process the melt pool is supported between the rapidly moving "solidification front" and the stationary front lip of the nozzle opening. The melt must be supported by both the front and back lips.

Allied's Patent Department agreed that this support was critical to the Narasimhan invention.[*] Mr. Wellslager had worked with Mr. Bedell on casting of amorphous metal strips and had recognized that problems such as turbulence, heat loss and oxidation could be eliminated by moving the crucible up to the wheel as close as possible. (Ex. P-434, at 45). Before Dr.

* "Confidential Business Information" Deleted

Narasimhan came to Allied, Mr. Wellslager had tested this idea in a device using solder as the melt. (TR 685. Solder was commonly used at Allied to test ways for casting amorphous metal.)[*] Several years later, Mr. Wellslager was told by Allied patent attorney Gerhard Fuchs that he could not be considered a co-inventor of the Narasimhan process because Wellslager had not disclosed the specific configuration of the lips discovered by Narasimhan. (Ex. P-708, TR 4324-4333).

Allied recognized in this proceeding that this feature is critical to the Narasimhan invention. On pages 93 and 94 of the Allied brief complainant points out that Dr. Narasimhan discovered that if the molten metal alloy could be constrained or supported, to keep it from breaking apart before it solidified, this would allow the production of continuous wide amorphous metal strip. Allied's brief points out that Dr. Narasimhan discovered that by forcing the molten metal under pressure through a slotted nozzle less than 1mm from a chilled surface, the melt became constrained or supported between the front and back lips of the slotted nozzle and the ribbon as it began to solidify on the chilled surface.

The width of the lips of the nozzle, and the use of these lips to support or constrain the molten metal was and still is considered by the inventor and by Allied to be critical to the invention. This is part of the "subject matter" that the applicant regarded as his invention.

(b) Do the claims in the '257 patent include this subject matter?

Claims 1-5, 8 and 12 of the '257 method patent are in issue in this case. These claims read as follows:

> 1. A method of forming continuous strip of amorphous metal from a molten alloy capable of forming an amorphous structure comprising:
>
> a. forcing the molten alloy under pressure through a slotted nozzle positioned generally

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perpendicular to the direction of movement of a chill surface and located in close proximity to the chill surface to provide a gap of from about 0.03 to about 1 millimeter between said nozzle and the chill surface;

b. advancing the chill surface, at a predetermined speed; and

c. quenching the molten metal in contact with the chill surface at a rapid rate to effect solidification into a continuous amorphous metal strip.

2. The method of claim 1 wherein the chill surface is advanced relative to said nozzle at a velocity of from about 200 to about 2000 meters per minute.

3. The method of claim 1 wherein the molten alloy is quenched at a rate of at least 10^{4}° C. per second.

4. The method of claim 1 wherein the slotted nozzle is located in close proximity to the chill surface to provide a gap of from about 0.03 to about 0.25 millimeter between said nozzle and the chill surface.

5. The method of claim 1 wherein the slotted nozzle has a width of from about 0.03 to about 1 millimeter, measured in direction of movement of the chill surface.

* * *

8. The method (sic) claim 1 wherein the chill surface is provided by a rotating chill roll, and the molten alloy is deposited onto its peripheral surface.

* * *

12. The method of forming continuous strip of amorphous metal from a molten alloy capable of forming an amorphous structure, comprising:

(a) forcing the molten metal under pressure through a slotted nozzle onto the peripheral surface of a chill

roll, wherein said nozzle is located in close proximity to said peripheral surface such that the gap between the nozzle and said peripheral surface is from about 0.03 to about 1 millimeter, wherein the nozzle has a width of from about 0.3 to about 1 millimeter, measured in the direction of rotation of the chill roll, and wherein the nozzle is positioned generally perpendicular to the direction of the chill roll;

(b) rotating the chill roll at a predetermined speed to provide a peripheral velocity of from about 200 to about 2000 meters per minute; and

(c) quenching the molten metal in contact with the peripheral chill roll surface at a rate of at least about 10^4° C. per second to effect liquidification into a continuous amorphous strip.

The claims of the '257 patent do not mention anywhere the width of the lips of the nozzle, or the dimensions of these lips, or their supporting or constraining function.

(c) Are features of the invention that are not included in the claims critical to the invention?

The file history of the '571 apparatus patent shows that to overcome the objections of the Examiner, Allied argued that the dimensions of the slotted nozzle were critical. In connection with that patent application, the width of the slot and of the lips and the gap between the lips and the chill surface were described as critical and critically interrelated. Each of the claims of the '571 apparatus patent included dimensions for the width of the lips, but no mention is made in the claims of the other two patents of dimensions for the width of the lips.

On August 17, 1979, Allied amended its application for the method or process claims (resulting in the '257 patent), and argued that the new claims were patentable over the prior art because prior art did not teach the use of a slotted nozzle or the close spacing between a nozzle and a chill surface, or how to

cast amorphous metal. (Ex. P-450). During the prosecution of this patent application Allied did not argue that the width of the lips was critical to the Narasimhan *process,* as it had argued in connection with the Narasimhan *apparatus,* but the '257 patent specification still states that the width of the lips is critical.

The specification for all three patents is about the same. It refers to mechanically supporting the molten metal on a chill surface. It states that the width of the lips is a "critical parameter," and that the first lip has a lip at least equal to the width of the slot, and the second lip has a width from about 1.5 to about 3 times the width of the slot. The slot must have a width of from about 0.3 to about 1 millimeter. (Allied Ex. 19, col. 3, 6, 7).

At the time of prosecuting the application for the '257 process patent Allied must have considered the width of the lips of the nozzle to be critical to the Narasimhan process because the specification describes it as critical, and Allied's Patent Department had taken the position that it was critical.

(d) Can the critical features of the invention be read into the claims?

Ambiguous claims can be clarified by a reading of the specification but the failure of *unambiguous* claims to include a critical aspect of the invention may be fatal to the patent under Sections 103 and 112.

The '257 patent specification indicates that the lips must have a certain width relative to the width of the slot of the nozzle, and the figures in the patent show examples of the width of the lips relative to the size of the slot. (Figures 1, 4, 6 and 7).

The claims of the '257 patent do not mention the width of the *lips* of the nozzle at all. (Claim 12 defines "the width of the nozzle," between about 0.3 to about 1 millimeter, measured in the direction of rotation of the chill wheel. This refers to the

opening or slot of the nozzle, rather than the width of the lips on both sides of the opening or slot.)

Allied repeatedly argued in this case that the step of "supporting the melt puddle" is critical to the invention, but this step is not mentioned in the '257 claims, and this step was not pointed out as critical to the Examiner in the file history. The specification can be used to clarify an ambiguity in the claim, but it cannot be used to add an additional critical element or step into an unambiguous claim.

One with ordinary skill in the art, however, would have known from reading the '257 patent specification file history that a nozzle with wide lips was critical to the invention.

A critical limitation cannot be "read into" unamibiguous claims even though the features are described as critical in the specification. The specification may be utilized to interpret ambiguous words or phrases in the claims, but the specification cannot be used to supply a missing element or step. An unambiguous claim which is silent as to a limitation necessary not only to practice an invention but to distinguish the claim over the prior art may be invalid under Section 103 if other documents cannot be used to read the limitation into the claim.

In *SSIH Equipment v. U.S. I.T.C.*, 218 U.S.P.Q. 678, 689, 718 F.2d 365, 378 (Fed. Cir. 1983), the complainant asked the court to "resort to the specification" to add a limitation to a claim. The court refused, because the specification disclosed the limitation in one embodiment but disclosed another embodiment without the limitation. (Footnote 20, at 378). The present case can be distinguished from the facts in *SSIH Equipment* because no embodiment without the lips supporting the melt is disclosed in the specification.

The court in *SSIH Equipment* stated: " . . . we cannot alter what the patentee has chosen to claim as his invention," citing *Autogiro Co. of America v. U.S.*, 155 USPQ at 701 (Ct. Cl. 1967), and the cases cited therein.

ALJ's Initial Determination

In *Autogiro*, the Court of Claims stated that the claims of the patent provide the concise formal definition of the invention. "Courts can neither broaden nor narrow the claims to give the patentee something different than what he has set forth." (155 USPQ at 701). The court stated:

> Although courts are confined by the language of the claims, they are not, however, confined to the language of the claims in interpreting their meaning. Courts occasionally have confined themselves to the language of the claims. When claims have been found clear and unambiguous, courts have not gone beyond them to determine their content. . . . Courts have also held that the fact that claims are free from ambiguity is no reason for limiting the material which may be inspected for the purpose of better understanding the meaning of claims. 155 USPQ 701.

Although the language used by the court in *Autogiro* supports a literal reading of unambiguous claims, the court concluded that claims cannot be clear and unambiguous on their face. (at 702). It found that a claim cannot be interpreted without going beyond the claim itself, and that claims are best construed in connection with other parts of the patent. The court then inspected "all useful documents" to reach what Justice Holmes called the "felt meaning" of the claim. These documents included the specification, the drawings and the file wrapper. (at 702). In the present case, the specification and drawings suggest that the width of the lips *is* critical to the invention as set forth in the patent claims. Only the file wrapper suggests that it is not critical to this patent. To practice the invention, one would be likely to read the patent claims and specification, but one would not be likely to read the file wrapper. One with ordinary skill in the art would be told by the patent specification that the structure of the lips of the nozzle was critical to the invention.

ALJ's Initial Determination

After the court in *Autogiro* construed the claims in the light of the specification, it indicated that *literal infringement* of the claim language would not be enough to prove infringement. The infringing structure must do the same work, in substantially the same way, and accomplish substantially the same result, as described in the specification before infringement will be found.

It is found that the word "nozzle" as used in the '257 patent claims is ambiguous as to the structure of the nozzle, and that the specification can be used to construe this word. The '257 claims are construed as including the critical feature of the wide lips on the nozzle. Allied, however, must prove that each respondent has used this feature before infringement can be found.

The '257 patent is not invalid under Section 112. The claims read in the light of the specification particularly point out and distinctly claim the subject matter which the applicant regards as his invention.

* * *

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It is important at the outset to distinguish between a comparison of Narasimhan's invention as he saw it (including the width of the lips of the nozzle supporting the molten metal) with the prior art, and a comparison of the claims of the '257 patent with the prior art. If the Narasimhan invention is compared with the prior art, the subject matter of the invention as a whole would not have been obvious to one with ordinary skill in the art at the time of the invention. If the '257 *claims* (read literally are compared with the prior art, however, the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art of casting amorphous metal. The critical features of the Narasimhan invention relating to supporting the melt on the width of the lips of the nozzle can be read into the claims from

the specification because the references to "nozzle" in the claims are ambiguous. The decisive comparison therefore is between the invention as set forth in the specification and the prior art.

* * *

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If the claims of the '257 patent are valid, it is only because the critical limitation relating to the width of the lips was read into the claims. If a respondent used a nozzle without wide lips, infringement could not be found.

[*] Allied failed to prove that in the VAC process *or* in the Allied process the melt is in fact supported by the wide lips of the nozzle. The only direct testimony on this point is Dr. Hilzinger's, and he testified that there was no such melt support. His testimony was not supported or contradicted in the record by documentary evidence or photographs. The other testimony on this point was based on Dr. Narasimhan's theory about why his process worked.

In attempting to prove that the '257 patent was invalid, VAC was unable to overcome the presumption of validity. Respondents failed to meet their burden of proof that the Narasimhan process, including a nozzle with wide lips described as "critical" in the specification, did not constitute a novel advance over the prior art. The improvement in wide amorphous strip made by the Narasimhan process was recognized by Dr. Hilzinger.

Allied has the burden of proving infringement. One using the '257 patent process was told in the specification that it was critical to use wide lips on the nozzle. The '257 patent specification does *not* advise the reader that in order for the process to work he must make sure that the melt is always held on the flat lips of the nozzle.

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ALJ's Findings Attached To
Initial Determination
May 14, 1984
Excerpts

336. The specification of the '257 patent describes the width of the lips as a "critical parameter." (Allied Ex. 18, col. 3). The minimum width of the first and second lip are given in the specification. (See Allied Ex. 20, col. 3, col. 6, and Fig. 1, 4, 6 and 7).

* * *

415. By construing the term "slotted nozzle" in accordance with the discussions in the specification, the phrase refers to a slot with two lips located on the bottom of the crucible on the surface closest to the chill wheel. (Allied Ex. 20 at col. 3, lines 35-48, col. 4, lines 2-4, col. 4, lines 48-53, and col. 7, lines 59-60; TR 818, 925 and 969).

416. The term "slotted nozzle["] includes a front lip and back lip of sufficient width to support the molten metal as illustrated in the Figures of the '257 patent and as described at col. 5, lines 1-20. (Allied Ex. 20).

* * *

439. The specification of the '257 patent recites certain dimensions concerning the lips of the slotted nozzle as critical to the operation of the Narasimhan invention. The '257 patent specification states that:

> The width of the lips measured in the direction of movement of the chill surface, is a critical parameter. The first lip has a width at least equal to the width of the slot. The second lip has a width of from about 1.5 to about 3 times the width of the slot.

(Ex. P-449, Col. 3, lines 49-53).

ALJ's 1984 Findings

440. None of the claims of the '257 patent refers in any way to the width of the lips of the slotted nozzle used in the process. The claims refer to the slotted nozzle, however, and the structure of the nozzle is not clear without a reading of the specification.

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No. 88-747

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

ALLIED CORPORATION,

Petitioner,

—v.—

UNITED STATES INTERNATIONAL TRADE COMMISSION,

Respondent,

—and—

HITACHI METALS, LTD., ET AL., VACUUMSCHMELZE GmbH, NIPPON STEEL CORPORATION, ET AL., and SIEMENS CAPITAL CORP.,

Respondents.

RESPONDENT NIPPON STEEL CORPORATION ET AL.'S BRIEF IN OPPOSITION TO PETITIONER'S PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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December 2, 1988

STATEMENT PURSUANT TO RULE 28.1

Nippon Steel Corporation and Nippon Steel U.S.A., Inc. were Respondents below.

Nippon Steel Corporation has no parent company. Nippon Steel Corporation is the parent of Nippon Steel U.S.A., Inc.

Nippon Steel U.S.A., Inc. has no subsidiaries or affiliates.

Nippon Steel Corporation's subsidiaries (except wholly owned subsidiaries) and affiliates are Nippon Steel Chemical Co., Ltd.; Nichia Steel Works Ltd.; Suzuki Metal Industry Co., Ltd.; Daido Steel Sheet Corporation; Sanko Metal Industrial Co., Ltd.; Harima Refractories Co., Ltd.; Kurosaki Refractories Co., Ltd.; Nippon Tetrapod Co., Ltd.; and Taihei Kogyo Co., Ltd.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

No. 88-747

ALLIED CORPORATION,

Petitioner,

—v.—

UNITED STATES INTERNATIONAL TRADE COMMISSION,

Respondent,

—and—

HITACHI METALS, LTD., ET AL., VACUUMSCHMELZE GmbH, NIPPON STEEL CORPORATION, ET AL., and SIEMENS CAPITAL CORP.,

Respondents.

RESPONDENT NIPPON STEEL CORPORATION ET AL.'S BRIEF IN OPPOSITION TO PETITIONER'S PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

STATEMENT OF THE CASE

On May 14, 1984, in ITC Investigation No. 337-TA-143, the Administrative Law Judge ("ALJ") issued an Initial Determination ("ID") which, in part, construed the claims of U.S. Patent No. 4,221,257 ("the '257 patent") and found the claims of the '257 patent so construed to be valid and infringed by the respondents. Respondents petitioned the International Trade

Commission ("ITC") to review the ID's claim construction. Petitioner Allied Corporation, on the other hand, affirmatively took the position before the ITC that the ID's claim construction was correct and that no review of this issue by the ITC was necessary. Petitioner Allied Corporation's 1984 positions before the ITC on the issue of review are set forth in the CAFC's opinion below[1] at pages A-5,6 (page numbers used herein are those of Petitioner Allied's Appendix) and are also set forth in the ITC's opinion below at page A-33, footnote 35.

Example of positions taken by Allied before the ITC in 1984 and set forth in the CAFC's opinion below at pages A-5,6 include:

> The ALJ found the word "nozzle" to be ambiguous and used the patent specification to *construe* this word to include "wide lips." The fault is not with the decision of the ALJ, but with the obvious mischaracterization of that holding by Respondents. No review of this issue is necessary. (Emphasis in original).

Allied went so far as to urge that the ALJ *correctly* construed "nozzle" to include the wide lips limitation.

> [T]he ALJ has correctly found that "[t]he '257 claims are construed as including the critical feature of the wide lips on the nozzle." The ALJ did not read Dr. Narasimhan's melt contraint or support theory into the '257 process claims.

The ITC declined to review the ID and, thus, on July 6, 1984, the ID became the Final Determination of the Commission. 19 C.F.R. § 210.53(h). The ITC subsequently issued a General Exclusion Order to implement the Final Determination.

In 1985, respondents Hitachi Metals, Ltd. ("HML") and Vacuumschmelze GmbH ("VAC") filed motions in the ITC

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1 The opinion of the CAFC below is reported at 850 F.2d 1573 and is reproduced in Petitioner Allied Corporation's Appendix pp. A-1 to A-22. Excerpts of the opinion of the ITC below are reproduced in Petitioner Allied Corporation's Appendix pp. A-23 to A-35.

under 19 C.F.R. § 211.54(b) for an Advisory Opinion that new processes that they had developed did not infringe the claims of the '257 patent as construed by the ITC in 1984. The ITC granted these motions, instituted Advisory Opinion proceedings, and, *sua sponte*, the ITC initiated exclusion order modification proceedings. 19 C.F.R. § 211.57.

In the 1985-87 advisory opinion and exclusion order modification proceedings, Petitioner Allied Corporation agreed that patent claim construction and validity issues with respect to the '257 patent would not be relitigated, and the ITC in its opinion below so found (A-7, A-33). The CAFC affirmed the ITC's 1987 Determination of non-infringement (A-18) with the CAFC expressly finding that the 1984 and 1987 claim constructions were the same (A-17).

Under 19 C.F.R. § 210.54(a)(1)(ii),(iii),(iv) and (a)(2), the CAFC found that in 1984 Allied abandoned its right to review of the construction of the '257 patent claims, with the CAFC pointing out that "Allied did far more than fail to argue; it *affirmatively stated* that the ALJ's construction was correct." (A-16,17, emphasis added).

Allied Corporation's Petition, in essence, seeks review of the CAFC's finding that in 1984, Allied abandoned the right of appellate review of the '257 patent claim construction.

ARGUMENT

Respondent Nippon Steel Corporation respectfully submits that Petitioner Allied Corporation's petition for a writ of certiorari should be denied.

A. Allied Mischaracterizes The Case

Allied's petition is replete with references to 1984 claim constructions, 1987 claim constructions, various alleged "reconstructions" of the claims, and requests that Allied be given the right of review of the 1987 patent claim construction. Basically, the petition assumes that there is a "1987 claim construction" which is different than the "1984 claim construction". For

example, Allied states at page 7 of its petition "Allied was seeking appellate review of the 1987 ITC claim construction."

This is a flagrant mischaracterization of the case below. Allied fails to advise this Court that the CAFC expressly found that the 1984 and 1987 claim constructions are the *same*. (A-17). The CAFC further characterized Petitioner Allied's contention that the 1987 claim construction was different than the 1984 claim construction as "disingenuous". (A-17). Ignoring the CAFC's findings, Allied presents its position on claim construction to this Court as if it were a given basic fact in these proceedings. Thus, Allied's petition is fundamentally flawed, since it is based upon premises the CAFC expressly found not to exist and, indeed, to be "disingenuous".

B. The CAFC Correctly Construed 19 C.F.R. § 210.54(a)

The CAFC found that petitioner Allied abandoned its right to appellate review of the 1984 patent claim construction by *affirmatively* taking the position before the ITC that the ALJ's claim construction in the 1984 ID was correct. Abandonment of the right to appeal the 1984 patent claim construction was found pursuant to the authority of 19 C.F.R. § 210.54(a)(1)(ii), (iii), (iv) and (a)(2). Citation was made to *Lizut v. Department of the Army*, 717 F.2d 1391 (Fed. Cir. 1983).

The *Lizut* case involved a factual and procedural context very similar to the present case. In *Lizut*, the petitioner endorsed the Presiding Official's decision below to the full Board. The CAFC found that the petitioner could not reverse positions on appeal to the CAFC with respect to issues that the petitioner had previously endorsed before the Board and which the Board adopted. (717 F.2d at 1395-6).

The cases cited by Allied are inapposite. *Safir v. Kreps*, 551 F.2d 447, 452 (D.C. Cir. 1977), *cert. denied*, 434 U.S. 820 (1977); *Center For Auto Safety v. Thomas*, 806 F.2d 1071, 1076 (D.C. Cir. 1986) *vacated* 810 F.2d 302 (D.C. Cir. 1987) (per curiam) (en banc), *reinstated* 847 F.2d 843 (D.C. Cir. 1988) (per curiam) (en banc); *Natural Resources Defense Council v. U.S.E.P.A.*, 824 F.2d 1146, 1151 (D.C. Cir. 1987); *Buckeye*

Cablevision, Inc. v. United States, 438 F.2d 948, 951 (6th Cir. 1971); and *Local 512, Warehouse and Office Workers' v. N.L.R.B.*, 795 F.2d 705, 714 (9th Cir. 1986) all involve situations where the party seeking appellate review failed to raise an issue before an agency or commission for review but another party raised the same issue before the agency or commission for its review. None of these cited cases deal with the facts of the present case, where Allied *affirmatively* took the position before the ITC that no review of the 1984 patent claim construction by the ITC was necessary, and the ITC adopted Petitioner Allied's position. The cases cited by Allied did not involve a situation where a party took an affirmative position before an agency or commission, the agency or commission adopted this affirmative position, and then the same party attemped to reverse on appeal the position adopted at its urging by the agency or commission. Petitioner Allied's contentions that the CAFC erred in finding abandonment pursuant to 19 C.F.R. § 210.54(a)(1)(ii)(iii)(iv) and (a)(2) are without merit.

C. There Is No Conflict With Other Circuits

Allied's contention that the CAFC's finding of abandonment under 19 C.F.R. §§ 210.54(a)(1)(ii)(iii)(iv) and (a)(2) is in conflict with other circuits is without merit. The authority cited by the CAFC, 19 C.F.R. § 210.54, only applies to 19 U.S.C. § 1337 Investigations conducted by the ITC. Only the CAFC can hear appeals from ITC investigations under 19 U.S.C. § 1337. See 28 U.S.C. § 1295(a)(6) and 19 U.S.C. § 1337 (c). Thus there is no conflict among the circuits in the construction of 19 C.F.R. § 210.54.

Furthermore, as discussed above, the cases cited by Allied purporting to proclaim different law in other circuits involved vastly different factual and procedural contexts.

D. Allied Was Not Denied Due Process

The CAFC found that Allied abandoned its right to appeal pursuant to the authority of 19 C.F.R. §§ 210.54(a)(1)(ii)(iii)(iv) and (a)(2). The CAFC's finding is based upon affirm-

ative positions taken by Allied, is in accord with the law promulgated in the Code of Federal Regulations, is supported by prior case law, and is not in conflict with the law promulgated by any case cited by Allied. Allied was not denied its "right to be heard." Indeed, the ITC adopted the claim construction advocated by Allied in 1984. There is no basis for Allied's contention that it was denied due process of law.

CONCLUSION

Petitioner Allied Corporation fails to raise any issue deserving this Court's consideration. Therefore, it is respectfully submitted that the Petition for a Writ of Certiorari be denied.

December 2, 1988

Respectfully submitted

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SIEMENS CAPITAL CORPORATION,

Respondents.

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QUESTIONS PRESENTED FOR REVIEW

The case at bar presents the following questions for review:

1. Whether the Federal Circuit correctly decided the narrow question of law that Allied had abandoned its right to challenge in 1987 the ITC's 1984 claim construction of Allied's U.S. Letters Patent 4,221,257 ('257 patent) where Allied, in the 1984 proceeding, a) in its petition to the ITC to review the Administrative Law Judge's Initial Determination did not raise the particular issue of claim construction which Allied now seeks to have reviewed, and b) in replying to respondent's petition to review claim construction told the ITC that the Administrative Law Judge's Initial Determination correctly construed the claims and should not be reviewed.

2. Whether there are any other grounds which preclude judicial review of claim construction, validity and infringement of the 257 patent.

3. Whether Allied's 257 patent would be invalid under 35 U.S.C. § 112 and 35 U.S.C. § 103 if Allied's proposed claim construction were to be accepted, and whether Allied would be precluded from arguing the validity of its patent if Allied's proposed claim construction were to be accepted.

STATEMENT PURSUANT TO RULE 28.1

I. Hitachi Metals, Ltd.'s parent company is Hitachi, Ltd. Hitachi Metals, Ltd.'s subsidiaries (except wholly owned subsidiaries) and affiliates are:

Goko Kosan Kabushikigaisha
Hitachi Metals Manpower Development Center
Hitachi Tool Engineering, Ltd.
Nippon Ferrite, Ltd.
Singapore Foundry & Machinery Co. Pte. Ltd.
Wakamatsu Techno-Service, Ltd.
Yasuki-Hagane, Ltd.
Aoyama Special Steels, Ltd.
Dina Flow, Ltd.
Hendrickson Asia, Ltd.
Hiyoshi Kozai, Ltd.
Hokuriku Goko
Matsumoto Tekkosho
Morris Electronics Ltd.
Moriya Hamono, Ltd.
Nam Yang Metals Co., Ltd.
Nihon Benkan Kogyo
Nihonkatantyutetsusho
Nichiei Kozai, Ltd.
Nisso Kosai, Ltd.
Okidai Kosakusho, Ltd.
Pacific Metals Co., Ltd.
Shihmen Ferrite Co., Ltd.
Sugiyama Chain Seisakusho
Taizu Ferrite Co., Ltd.
Tobata Kiko
Tokyo Seimitsukogyo
Toyo Seihaku
Tsutsumi Kinzoku

II. Hitachi Metals International, Ltd.'s parent company is Hitachi Metals, Ltd. Hitachi Metals International, Ltd.'s subsidiaries (except wholly owned subsidiaries) and affiliates are:

Erie-EMI Company

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STATEMENT OF THE CASE

The ITC instituted Investigation No. 337-TA-143 on April 13, 1983 under 19 U.S.C. § 1337 and § 1337(a) based on a complaint filed by petitioner, Allied, which had charged that a number of respondents, including HML, VAC and NSC[1] had committed unfair acts in the importation of certain amorphous metal alloys because the alloys were produced by a process which, if practiced in the United States, would infringe its U.S. Letters Patent 4,221,257 (the '257 patent). The ITC referred the investigation to an administrative law judge (A.L.J.) to conduct an evidentiary hearing.

On May 14, 1984, the A.L.J. issued an Initial Determination (ID) concluding that respondents had violated Section 337(a) with respect to the '257 process patent whose claims were construed in a manner to uphold their validity.

The '257 patent claims, as written, were held to be invalid under 35 U.S.C. §103 as obvious over the prior art:

> If the '257 *claims* (read literally) are compared with the prior art, however, the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art of casting

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[1] As used herein, "HML" refers to Hitachi Metals, Ltd. and Hitachi Metals International, Ltd., "VAC" refers to Vacuumschmelze GmbH and Siemens Capital Corporation, and "NSC" refers to Nippon Steel Corporation and Nippon Steel, U.S.A., Inc.

> amorphous metal. (emphasis in original) (CA28; CC28).[2]

The A.L.J. further held that the claims as written did not include the subject matter which the inventor regarded as his invention, namely, the use of a slotted nozzle with wide nozzle lips (CA14-20; CC14-20) and that the term "nozzle" in the '257 patent claims was ambiguous as to the structure of the nozzle.

The A.L.J. construed the claims of the '257 patent as requiring that the slotted nozzle have *wide lips*, and that such wide lips were to be understood to have the nozzle lip width dimensions which were stated to be "critical" in the '257 patent specification. On this basis, the thus-construed '257 patent was held not invalid under 35 U.S.C. §112. (CA24; CC24) (FF 336 and 337 at CA118; CC120) (FF 439 and 440 at CA150; CC153).

The '257 patent claims were also held to be unobvious over the prior art on the same basis, i.e., *if and only if* the '257 patent claims were construed as requiring the critical feature of "wide lips", *i.e.*, dimensions relating to the width of the lips of the slotted nozzle. (CA17, 38; CC17, 38). Thus, the A.L.J. "saved" the validity of the otherwise invalid (as written) claims of the '257 patent by construing them as including the critical wide lips dimensions:

> If the claims of the '257 patent are valid, it is only because the critical limitation relating

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[2] "A" citations are to pages of the Appendix to Allied's petition to this Court. "CA" and "CC" citations are to the Appendix in the Federal Circuit. "CC" citations are to the confidential portions of the Federal Circuit Appendix.

to the width of the lips was read into the claims. (CA44; CC44).

Consistent with the interpretation that the claims required wide lips, the ID stated that "if a respondent used a nozzle without wide lips, infringement could not be found." (CA44; CC44). (See also CA45; CC45).

Allied filed a petition for review of the ID on May 29, 1984. This petition requested the ITC to review a number of issues relating to the '257 patent, including various issues of "claim construction", i.e., the interpretation of the claims of the '257 patent. Allied asked the ITC to review issues of claim construction with respect to such phrases as "predetermined speed" which appeared in the claims, and "flat lips" which did not appear in the claims but which Allied alleged were required by the ID. Allied, however, did not seek review of the ID's conclusions that the '257 patent claims as written were invalid under 35 U.S.C. §103 over the prior art, or that the A.L.J. erred in holding that the '257 patent claims must be construed as requiring the critical limitations relating to the width of the nozzle lips in order to save their validity under 35 U.S.C. §§103 and 112. (CC10099-10109).

Respondents filed a Joint Petition for Review of the ID on patent validity issues. The Joint Petition raised different issues of "claim construction" than Allied had raised in its petition. Respondents' Joint Petition argued to the ITC, *inter alia*, that the A.L.J. erred as a matter of law in construing the '257 patent claims to include the "wide lips" to save their validity, and that the '257 patent claims should have been held

invalid under 35 U.S.C. §§103 and 112 without qualification.

Allied filed a response to respondents' petition, embraced the A.L.J.'s claim interpretation which was necessary to preserve the '257 patent's validity, and *expressly told the ITC not to review the issues* of claim interpretation and validity that *respondents' petition raised*. Allied argued:

> The ALJ found the word "nozzle" to be ambiguous and used the patent specification to *construe* this word to include "wide lips". The fault is not with the decision of the ALJ, but with the obvious mischaracterization of the holding by respondents. *No review of this issue is necessary*. (latter emphasis added) (CC10129).

At several other points in its response, Allied emphasized its agreement with the A.L.J.'s conclusions construing the '257 patent claims as requiring the critical dimensions of the width of the slotted nozzle lips to save their validity:

> [T]he ALJ properly construed the claims in light of the specification, and then compared the "specification construed" claims with the prior art. The "specification construed" claims were held to be valid over the prior art. (ID 48 and 59) (footnote omitted). (CC10130).
>
> * * *
>
> At page 44 of the ID the ALJ has correctly found that "[t]he '257 claims are construed

> as including the critical feature of the wide lips on the nozzle." (CC10131).

On July 6, 1984, the ITC denied Allied's and respondents' petitions to review the ID, and adopted the ID in its entirety (including its findings of fact) with its construction of the claims as including wide lips as urged by Allied as its determination. A Commission Action and Order, including a general exclusion order, was issued on October 15, 1984 with respect to the '257 patent. This Action and Order specifically adopted the underlying ID, thereby adopting the ID's various holdings on claim construction. (CA758).

After the ITC's July 6, 1984 determination construing the scope of Allied's '257 patent claims, HML developed a new process for the production of amorphous metal ribbon products which HML believed to be non-infringing in view of the ITC's interpretations regarding the '257 patent claim scope and in view of the ITC's determination as to what processes would not infringe.

On July 26, 1985, upon HML's motion, the ITC ordered that advisory opinion proceedings be instituted pursuant to 19 C.F.R. §211.54(b). The ITC referred HML's motion to the A.L.J. for plenary adversary proceedings. The ITC also ordered the A.L.J. to preside over a proceeding to consider modifying the October 15, 1984 general exclusion order and to recommend modification thereof, if deemed appropriate.

During prehearing conferences with the A.L.J. prior to the evidentiary hearing during the week of November 11, 1985, counsel for Allied, HML and VAC

reached agreement as to issues that would be litigated in the advisory opinion proceeding. It was agreed that the holdings as to validity of the '257 patent claims that had been adjudicated in the ITC's 1984 final determination would *not* be relitigated, and that the ITC's 1984 holdings as to the proper scope of the '257 patent claims would govern the questions of infringement (under the doctrine of equivalents) of the previously construed claims. In other words, no issues decided in the 1984 hearing would be relitigated. See (CA794A), (CA794B), (CC461), (CC465), (CA215, CC282), (CC10136), (CA1656-1664), (CA1662).

On March 3, 1986 the A.L.J. issued her initial advisory opinion (IAO) in which she found that HML's new process did not infringe the '257 patent under the doctrine of equivalents.

On March 28, 1986, Allied filed a petition for review of the IAO, requesting the ITC to review the A.L.J.'s conclusions on noninfringement in the IAO. In this petition, Allied also requested ITC review of issues that Allied had agreed not to relitigate in the advisory opinion proceeding, and which, in fact, had not been relitigated.

The ITC issued an advisory opinion on May 29, 1987, concluding that HML's and VAC's new processes would not infringe the '257 patent claims if practiced in the United States, and therefore that amorphous metals manufactured by such non-infringing processes are not covered by the October 15, 1984 general exclusion order. (CA363, 399-400; CC427-428). The ITC discussed the previous interpretations as to validity and scope of the '257 patent claims in the 1984 final determination, noted that issues relating to the '257 patent were not subject to redetermination

in the 1985 advisory opinion proceeding, and rejected Allied's arguments for redetermining the scope and validity of the '257 patent claims. (CA371-377; CC399-405). The ITC pointed out that Allied had a full and fair opportunity to litigate the issues of the scope and validity of the '257 patent claims in the 1984 proceeding, and emphasized Allied's above-noted agreements not to relitigate these issues, including validity and claim interpretation, in the 1985 advisory opinion proceeding. (CA375-377; CC403-405).

The ITC also noted that at the conclusion of the 1984 investigation, Allied had unquestionably embraced the ID's holding that the '257 patent claims were properly construed as requiring the critical parameters relating to the width of the nozzle lips in order to save their validity. (CA376; CC404).

On June 17, 1987, the ITC issued an Action and Order modifying the October 15, 1984 general exclusion order based on the holdings in its advisory opinion. The ITC stated in the accompanying "Views of the Commission" that the original exclusion order did not expressly incorporate the critical limitations concerning the width of the casting nozzle lips used in the '257 patent process. (CA410). The modified exclusion order incorporated the critical limitations from the '257 patent specification which had been inherently incorporated in the 1984 general exclusion order.

Allied then appealed the ITC's May 1987 advisory opinion and June 1987 modification of the exclusion order to the Federal Circuit. In its appeal to the Federal Circuit, Allied argued that the ITC erred in construing the claims as requiring wide lips, and that the ITC should have held the claims to be valid over

the prior art under 35 U.S.C. §103 without interpreting them to require wide lips.

SUMMARY OF THE ARGUMENT

Allied waived and abandoned the particular issue of claim construction relating to "wide lips" before the ITC in 1984 because it did not request review of this issue in its 1984 petition for review of the ID to the ITC as required by 19 C.F.R. §210.54. Moreover, Allied affirmatively abandoned this issue of claim construction by telling the ITC in 1984 that the ID properly construed the claims as requiring "wide lips" and by telling the ITC not to review this issue of claim construction.

The case law indisputedly establishes that a party can not be allowed to raise an issue on appeal at a later time after it successfully urged below that the agency should not review the issue.

The decisions cited by Allied are inapposite because they are concerned with different statutes, do not involve an agency rule similar to 210.54(a)(2) and do not involve express abandonment of an issue.

Allied was not denied due process inasmuch as it participated in two adversary proceedings before an administrative law judge and twice petitioned the ITC for review. Due process is not denied when an appeal court declines to review an issue on the grounds that the appellant had failed to raise the issue below and had affirmatively abandoned the issue below.

Accordingly, the petition for a writ of certiorari should be denied.

ARGUMENT

I. The Federal Circuit Followed Well Established Precedent In Holding That Allied Abandoned The Particular Claim Construction Issue It Now Seeks To Have Reviewed

Although Allied in its petition to this Court broadly states that it sought to have the Federal Circuit review the issue of "claim construction", Allied, in a calculated effort to mislead this Court, has failed to tell this Court that its appeal to the Federal Circuit was based on one particular issue of claim construction. This issue is whether Allied's patent claims should be construed to require "wide lips" on the nozzle used to manufacture the amorphous metal article. It is this *particular issue* of claim construction which the Federal Circuit held Allied had abandoned by its failure to raise the issue in its 1984 petition to the ITC for review of the A.L.J.'s 1984 ID.[3]

In holding that Allied abandoned this particular issue, the Federal Circuit followed the plain meaning of the ITC's rules, general principles governing administrative proceedings, and precedent of the Federal Circuit and this Court.

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[3] Allied is precluded from judicial review of claim construction, validity and infringement issues on other grounds as well. Allied is estopped under principles of judicial estoppel or the doctrine of preclusion of inconsistent positions from arguing that the ITC's 1984 and 1987 holdings as to validity and/or claim construction were erroneous. Allied is barred under the doctrine of collateral estoppel from relitigating all issues relating to validity and/or claim construction of the '257 patent claims. Allied is also precluded from raising all issues of claim construction because it did not raise these issues at the appropriate time in the 1987 proceeding from which the appeal to the Federal Circuit was taken.

ITC Rule 19 C.F.R. §210.54(a)(1)(ii) requires that a party filing a petition for review of an initial determination with the ITC specify the issues upon which review of the initial determination is being sought. Further, ITC Rule 19 C.F.R. 210.54(a)(2) states that any issue not raised in "the petition for review filed pursuant to this rule will be deemed to have been abandoned". Allied did not raise in its petition for review to the ITC in 1984 the issue which Allied sought to raise in the Federal Circuit, and admits so in its petition to this Court. Accordingly, the plain meaning of the ITC rules results in an abandonment of that issue by Allied.

The principle that a party waives or abandons any issue not raised at the appropriate time under a particular agency's practice (such as arguing an issue before an A.L.J. but not before the appropriate review board) is a well-entrenched tenet of general administrative law. *United States v. Tucker Truck Lines*, 344 U.S. 33, 37 (1952). The appropriate time for Allied to have raised its particular claim construction issue was when it filed its petition for review of the ID.[4]

The holding by the Federal Circuit that Allied abandoned its particular issue of claim construction is in accord with *Warner Bros., Inc. v. U.S. International Trade Commission*, 787 F.2d 562 (Fed. Cir. 1986) where Rule 210.54(a)(2) was interpreted as controlling

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[4] Allied was well aware of the need to raise claim construction issues in its petition for review of the ID, and, in fact, raised a number of such issues in its petition for review of the ID. See, Statement of the Case, *supra*, page 3. Allied, however, failed to raise the particular issue which was the subject of its appeal to the Federal Circuit.

a situation where a party files a petition for review of an ID, but does not raise a specific issue, resulting in abandonment of that issue.

Moreover, Allied went even further than abandoning its particular claim construction issue by not seeking ITC review in 1984. In responding to respondents' Joint Petition for Review of the ID on patent validity issues, which argued to the ITC that the A.L.J. erred in construing the '257 patent claims as including the wide lips to save their validity under 35 U.S.C. §§103 and 112, *Allied expressly and repeatedly told the ITC that the A.L.J. had properly construed the claims as including the critical feature of the wide lips of the nozzle and told the ITC not to review these issues.* See, Statement of the Case, *supra*, pages 4-5. (CC10129-10131).

Thus, Allied affirmatively abandoned in 1984 the particular issue on which it sought review in the Federal Circuit. Allied told the ITC in 1984 that the A.L.J. "properly construed" the claims (CC10130) and "correctly found" that the claims required the "critical" features of the wide lips (CC10131) to be valid under §112 and to patentably distinguish over extensive prior art. Incredibly, Allied asked the Federal Circuit to reverse these precise holdings that Allied previously urged upon the ITC. Understandably, the Federal Circuit declined to consider Allied's claim construction issue.

The ITC in 1984, at Allied's urging, did not grant respondent's petition for review with respect to wide lips, but instead adopted the ID with its wide lip claim construction. Based on that claim construction, the ITC upheld the validity of the '257 patent and issued a remedy in Allied's favor in the form of a general

exclusion order barring importation of amorphous metal alloys and products. The ID made it clear that without such a claim construction, the '257 patent would have been held invalid and no remedy would have issued. Allied has enjoyed the benefits of that claim construction and that general exclusion order ever since. In similar circumstances, this Court has prohibited a party from later attacking an agency decision which it had benefited from and which it earlier had proposed and endorsed. *Federal Power Commission v. Colorado Interstate Gas Company*, 348 U.S. 492 (1955).[5]

To allow a party who had argued successfully before an agency that a particular issue should not be reviewed by that agency, to later appeal the agency determination when that determination was no longer to that party's liking, would make a mockery of the judicial appeals process. Allied's argument that the issue was preserved for appeal because respondents had raised it is disingenuous. Allied was successful in convincing the ITC not to review that issue. Allied can not now reverse its position four years later and argue that the issue should be reviewed. Allied has cited no case which supports its ludicrous position

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[5] *See also, Lizut v. Dept. of the Army*, 717 F.2d 1391 (Fed. Cir. 1983) (holding that where a party files a response to a petition for review and endorses holdings in an initial decision, that party's endorsement effects a waiver of the party's right to appeal that decision to the Federal Circuit); *James v. Federal Energy Regulatory Commission* 755 F.2d 154, 155-6 (Fed. Cir. 1985); *Connolly v. U.S. Dept. of Justice*, 766 F.2d 507, 510 n.2 (Fed. Cir. 1985); *Rockwell v. Dept. of Transportation, F.A.A.*, 789 F.2d 908, 913 (Fed. Cir. 1986); *Allred v. Department of Health and Human Services*, 786 F.2d 1128, 1130 (Fed. Cir. 1986).

that it should have the right to argue successfully against agency review at the agency level, obtain and enjoy the benefits of the agency decision, and then have the right to seek review of the decision when the decision no longer serves Allied's purpose.

In an attempt to avoid the holding of abandonment in 1984, Allied also misleadingly states as fact that the ITC advanced different claim constructions over the period of four years, and that the ITC's 1987 claim construction from which it appeals is different from the ITC's 1984 claim construction. The ITC in 1987 and the Federal Circuit in its decision considered Allied's arguments that the 1987 claim construction differed from the 1984 claim construction. In 1987, the ITC noted that issues relating to the '257 patent were not subject to redetermination in the advisory opinion proceeding, that Allied agreed not to litigate the issue of claim interpretation in the advisory opinion proceedings, and rejected Allied's arguments for redetermining the scope and validity of the '257 patent. Similarly, the Federal Circuit, in considering Allied's argument that the ITC's 1987 claim construction differed from the 1984 claim construction, found the argument to be "disingenuous". (A17). The Federal Circuit found that the ITC's 1987 determination stated the same parameters as the ITC's 1984 determination.

II. The Legal Authorities Cited By Allied Do Not Support Its Position On The Narrow Question Presented For Review And Do Not Establish A Conflict Among The Circuits

Allied states that even though it did not raise the "claim construction" issue in 1984, respondents raised it in their petition for review and therefore the issue

was preserved for appeal.[6] Allied argues that the Federal Circuit departed from the holdings of other federal courts of appeal which sometimes have permitted an appeal if an agency has been alerted to an issue and has had an opportunity to consider it, regardless of whether the person seeking review of the agency's ruling is not the one who initially raised the issue. However, none of the cases cited by Allied deals with an appeal in which the appellant had argued affirmatively before the agency that review of the issue by the agency was not necessary, and that the holding on that issue had been correctly decided by the A.L.J. Further, none of the cases cited by Allied was concerned with an agency rule that specifically stated that a party abandoned an issue if that party did not raise the issue in its petition for review before the agency. Thus, there is no conflict among the federal circuit courts as alleged by Allied.

In *Safir v. Kreps*, 551 F.2d 447 (D.C. Cir. 1977), *cert. denied*, 434 U.S. 820 (1977) and in *Natural Resources Defense Council v. EPA*, 824 F.2d 1146 (D.C. Cir. 1987), the D.C. Circuit dealt with the statutory review provisions of two legislative acts under review. Neither of these acts specifically required exhaustion of administrative remedies or participation in rulemaking proceedings as prerequisites to seeking judi-

[6] Allied does not explain and HML does not agree with Allied's premise that the particular issue of claim construction which Allied now seeks review of was raised in 1984 by respondents or "joined". Further, even if Allied is given the claim construction it now desires, the '257 patent would be invalid under 35 U.S.C. §112 because in 1984 Allied did not raise in its petition for review of the ID the issue of validity under §112, i.e., the holding that the claims are invalid under §112 unless construed in light of the specification as including "wide lips".

cial review. The D.C. Circuit stated in these two cases that exhaustion of remedy is a generally recognized common law principle, and under common law principles it would permit judicial review of those issues which an agency had been clearly alerted to and the agency had an opportunity to consider, even if the person seeking review is not the same one who originally raised it.[7]

In these two cases, the D.C. Circuit was not concerned with a validly promulgated agency rule which specifically states that a party petitioning the agency for review abandons any issue which it does not raise in its petition for review.

Further, these cases were not concerned with and do not address the issue of abandonment resulting from a party below affirmatively telling an agency that an issue had been correctly decided by an A.L.J. and should not be reviewed by the agency and then reversing its position on appeal and arguing before the appeal court that the issue was incorrectly decided by the agency and should be reviewed by the appeal court.

In *Buckeye Cablevision, Inc. v. United States*, 438 F.2d 948 (6th Cir. 1971), the Sixth Circuit, in permitting a party who had not raised an issue below to raise the issue on appeal, dealt with a specific

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[7] A third D.C. Circuit case cited by Allied recently has been vacated for the second time by the D.C. Circuit, and therefore it is not commented on here. *Center for Auto Safety v. Thomas*, 806 F.2d 1071 (D.C. Cir. 1986), vacated 810 F.2d 302 (D.C. Cir. 1987) (per curiam) (en banc), reinstated 847 F.2d 843 (D.C. Cir. 1988) (per curiam) (en banc), vacated 856 F.2d 1557 (D.C. Cir. 1988) (per curiam) (en banc).

statutory provision, 47 U.S.C. §405 then in effect, which specifically authorized the review of any issue as long as anyone had previously raised that issue. Such a statutory scheme, which obviously precludes an agency rule on abandonment such as 210.54(a)(2), is not present in the instant case.

In *Local 512, Warehouse and Office Workers' v. NLRB*, 795 F.2d 705 (9th Cir. 1986), the Ninth Circuit interpreted the specific statutory review provision of the National Labor Relations Act (NLRA) which in pertinent part stated that "No objection that has not been urged before the Board . . . shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances." Section 10(e) of the NLRA, 29 U.S.C. §160(e).

After holding that the petitioner had taken sufficient steps below to adequately preserve the issue for which judicial review was sought, the Ninth Circuit, in commenting generally on the statutory scheme of the NLRA, stated that once the issue is raised before the NLRB, another party may litigate the issue on appeal.

Thus, *Local 512* was based on a statutory scheme which is not present in the instant case and which precludes a rule corresponding to 19 C.F.R. 210.54 which is at issue here.

None of the cases cited by Allied support its position or establishes a conflict.

III. Allied Was Not Denied Due Process By The Federal Circuit

As stated in *Mathews v. Eldridge*, 424 U.S. 319 (1976), the fundamental requirement of due process

is the opportunity to be heard at a meaningful time and in a meaningful manner. In the present case, Allied had the opportunity to present its case. Allied participated in two adversary proceedings before an administrative law judge and twice petitioned for review to the ITC. Accordingly, Allied has not been denied "an opportunity to be heard" and has not been denied due process. *See, Saharoff v. Stone,* 638 F.2d 90 (9th Cir. 1980).

Allied argues that the unavailability of judicial review is a denial of due process. However, judicial review is not necessarily an essential element of due process and not all denials of access to judicial review amount to due process violation. *See, Saharoff,* 638 F.2d at 92.

Where the denial to judicial review is the result of an appellant not meeting a valid requirement imposed by the proceedings below, there is no denial of due process. *Saharoff.*

Allied has cited no case which supports its argument that an appeals court denies an appellant due process when it holds that it will not consider an issue on appeal which the tribunal below had the power and jurisdiction to decide because the appellant not only failed to raise the issue below, but affirmatively abandoned it below.

Appellants are often denied access to judicial review because they failed to exhaust their administrative remedies. Such failures result in forfeiture of their opportunity for meaningful review, and do not give rise to a denial of due process. *Steebe v. U.S. Railroad Retirement Board,* 708 F.2d 250 (7th Cir. 1983), *cert. denied,* 464 U.S. 997 (1983); *Reid v. Engen,* 765 F.2d

1457 (9th Cir. 1985). Such is the case here. Allied could have obtained judicial review if it had first filed an appropriate petition for review of the ID to the Commission in 1984 on the particular claim construction issue on which it now seeks review and if it had not affirmatively abandoned that particular issue. Allied's inability to obtain judicial review is not the result of a denial of due process, but the result of its own action.

Allied argues that 1984 was not a meaningful time for Allied's objections to the ITC's 1987 claim construction to be heard and that it is the 1987 claim construction that was the subject of Allied's appeal to the Federal Circuit. Allied argues that it had cause to seek judicial review of the claim construction issue only in 1987 when the ITC found respondents' revised processes non-infringing, and that Allied could only have speculated in 1984 as to whether the 1984 claim construction might pose problems in the future. These arguments of Allied are fundamentally flawed because as the ITC and Federal Circuit found, the 1987 and 1984 claim construction on which Allied sought review were the same. (A17) (A31-35). Moreover, Allied's argument that it would have been premature and speculative to raise "the claim construction issue" in 1984 did not stop Allied in 1984 from raising other claim construction issues. See, Statement of the Case, *supra*, page 3. Allied simply failed in 1984 to raise all the claim construction issues which it could have and should have raised, and affirmatively abandoned the issue which it now seeks to review. It was this failure and abandonment, not a denial of due process, which precluded judicial review.

CONCLUSION

The petition for a writ of certiorari should be denied.

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No. 88-747

In the Supreme Court of the United States

OCTOBER TERM, 1988

ALLIED CORPORATION, PETITIONER

v.

UNITED STATES INTERNATIONAL TRADE COMMISSION, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether petitioner was correctly held to have abandoned any objections to the International Trade Commission's interpretation of the scope of petitioner's patent when petitioner failed to assert an objection to that interpretation in the manner required by the ITC's rules and defended that interpretation when opposing efforts by its opponents to have the patent declared invalid.

2. Whether the court of appeals' refusal to review the ITC's interpretation of petitioner's patent under those circumstances denied petitioner due process of law.

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. A1-A19) is reported at 850 F.2d 1573. The opinions of the United States International Trade Commission and the administrative law judge are unofficially reported at U.S.I.T.C. Pub. Nos. 2035 and 2036. Excerpts from these opinions are reprinted in the appendix to the petition (Pet. App. A37-A39).

JURISDICTION

The judgment of the court of appeals was entered on June 29, 1988. A petition for rehearing and a suggestion for rehearing en banc were denied, respectively, on August 1, 1988, and August 23, 1988 (Pet. App. A20, A21). On August 25, 1988, upon reconsideration of the petition for rehearing, the court of appeals granted the petition and

modified the court's opinion in certain respects (*id.* at A22). The petition for a writ of certiorari was filed on October 31, 1988. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Petitioner, an American corporation, holds a process patent (No. 4,221,257) covering "Continuous Casting Methods for Amorphous Metal Strips" ("the '257 patent"). Pet. App. A27. In 1983, acting on petitioner's complaint, the United States International Trade Commission (the "Commission" or "ITC") commenced proceedings under Section 337 of the Tariff Act of 1930, 19 U.S.C. 1337, to determine whether the processes used to make certain imported steel products were covered by the '257 patent.[1] Among others, respondents Hitachi Metals, Ltd., Vacuumschmelze GmbH, Nippon Steel Corporation, and Siemens Capital Corporation (collectively "the corporate respondents") were made parties to these proceedings.

The matter was referred to an administrative law judge for an evidentiary hearing. In her initial determination, issued in May 1984, the ALJ concluded that the claims[2] of

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[1] Section 337 prohibits unfair methods of competition and unfair acts in the importation of articles into the United States, and empowers the Commission to investigate alleged violations and to issue exclusion orders. 19 U.S.C. 1337. The importation of goods manufactured through processes covered by an American patent is among the practices that this section prohibits. See 19 U.S.C. 1337a.

[2] Under 35 U.S.C. 111-112, an application for a patent includes a "specification." This specification must contain "a written description of the invention, and of the manner and process of making and using it, in * * * full, clear, concise, and exact terms * * *" and must conclude with "one or more *claims* particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention" (35 U.S.C. 112 (emphasis added)). The scope of the patent is

the '257 patent would be invalid—either because they would be insufficiently specific or because the invention described would be obvious in view of existing technology (35 U.S.C. 112, 103)—unless dimensions of the nozzle lips of the device used in the process, which were set out in the specification included in petitioner's patent, were incorporated into those claims. Pet. App. A48-A51. The ALJ ruled, however, that petitioner's patent claims could be interpreted to include those dimensions in order to clarify the claims' ambiguity and to avoid a finding of obviousness (*id.* at A48, A49). On this basis, the ALJ held that the patent was not invalid (*ibid.*). The ALJ further found that the corporate respondents had violated Section 337 by importing articles manufactured through processes that were within the scope of petitioner's patent claims, as interpreted (see Pet. App. A24).

Under the ITC's rules, all parties were entitled to petition the Commission for review of the ALJ's initial determination. 19 C.F.R. 210.54. The Commission's rules require each party seeking such review to file a petition, which must "[s]pecify the issues upon which review of the initial determination is sought * * *." 19 C.F.R. 210.54(a)(1)(ii). Those rules also provide that a party will be deemed to have abandoned any issue that it fails to include in its petition (19 C.F.R. 210.54(a)(2)):

> Any issue not raised in the petition for review filed pursuant to this rule will be deemed to have been abandoned and may be disregarded by the Commission in reviewing an initial determination.

The corporate respondents filed a petition for review, contending that the ALJ had erred by reading the dimen-

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determined by reference to the patent "claims," which must be sufficiently definite to qualify for a patent. See *Autogiro Co. of America v. United States*, 384 F.2d 391, 395-396 (Ct. Cl. 1967). The invention described must be novel and nonobvious. 35 U.S.C. 102-103.

sions of the nozzle lips into the '257 patent claims in order to preserve the patent's validity. They argued that the Commission should reverse this aspect of the initial determination and declare the patent invalid. C.A. Confidential App. 10111-10113. Although it filed a petition for review, petitioner did not ask the Commission to review those features of the ALJ's interpretation of the '257 patent that it challenges now or her ruling that, without clarification of the dimensions of the nozzle lips, the patent would be invalid. Further, when petitioner responded to the corporate respondents' petition for review, it defended the ALJ's construction of the patent as correct. Pet. App. A5-A6.[3]

On this record, the ITC refused to review the ALJ's initial decision, thereby allowing it to become the Commission's determination (Pet. App. A6; see 19 C.F.R. 210.54(h)). After briefing on the appropriate remedy, the Commission issued its Amorphous Metal Exclusion Order, which barred importation of articles manufactured abroad in accordance with the process described in the '257 patent (Pet. App. A6).[4]

2. In 1985, certain of the corporate respondents applied to the Commission for an advisory opinion that importation of amorphous metals they were producing through new processes would not violate the Commis-

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[3] For instance, petitioner argued to the Commission (Pet. App. A6):

> [T]he ALJ has correctly found that "[t]he '257 claims are construed as including the critical feature of the wide lips on the nozzle."

[4] Petitioner noticed an appeal from this order with respect to two patents other than the '257 patent, but this appeal was dismissed as untimely. *Allied Corp.* v. *United States International Trade Commission*, 782 F.2d 982 (Fed. Cir. 1986).

sion's exclusion order or Section 337. The ITC agreed to hear this application and *sua sponte* commenced proceedings to determine whether the prior exclusion order should be modified. During proceedings before the ALJ to whom these matters were referred, petitioner agreed not to relitigate the issue of the interpretation of the '257 patent claims (Pet. App. A33). On March 3, 1986, the ALJ issued an initial advisory opinion and a recommended determination with respect to modification of the ITC's prior exclusion order. The ALJ ruled that the corporate respondents' new processes did not infringe the '257 patent claims as they had been previously construed and, accordingly, recommended modification of the exclusion order to permit importation of respondents' products (*id.* at A7).

Petitioner filed a petition for review of the ALJ's determinations. For the first time, petitioner argued that the Commission had erred in 1984 by construing the scope of the '257 patent too narrowly and by holding that, without the clarification provided by the dimensions of the nozzle lips, the patent would be invalid. See Pet. App. A31-A32.

In an advisory opinion issued in May 1987, the ITC rejected petitioner's arguments on the merits (Pet. App. A23-A35). The Commission ruled that, under the doctrine of law of the case, petitioner was bound by the ITC's prior determination of the scope of the '257 patent claims (*id.* at A32-A33). The ITC also relied on the fact that petitioner had agreed not to relitigate the issue of the interpretation of its patent in the advisory opinion proceedings (*id.* at A33). The Commission found that, because the corporate respondents' new processes used devices with lips whose dimensions were smaller than those previously read into the '257 patent, articles produced with those processes were outside the scope of the patent. See *id.* at A35. In a parallel order issued in June 1987, the Commission modified its 1985 Amorphous Metal Exclusion Order,

inter alia, to incorporate the limitations on the dimensions of the nozzle lips which had earlier been read into the '257 patent (*id.* at A8-A9).

3. Petitioner appealed from the Commission's May 1987 advisory opinion and June 1987 modified exclusion order. After holding that it had jurisdiction to review only the latter order (Pet. App. A10-A16), the court of appeals held that petitioner had abandoned the arguments that the Commission had misconstrued the scope of the '257 patent or erred in holding that the patent was invalid unless clarified in terms of the dimensions of the nozzle lips.[5] The court explained that petitioner had failed to raise those contentions in its petition for review of the ALJ's 1984 initial determinations on the scope and validity of the '257 patent, that under the ITC's rule (19 C.F.R. 210.54(a)(2)) those arguments had thereby been abandoned, and that Allied had affirmatively stated that the ALJ's 1984 construction of the patent was correct (Pet. App. A16-A17). The court of appeals described as "disingenuous" petitioner's argument that the ITC's 1987 construction of the patent was different from its 1984 construction (*id.* at A17). The court found that "the 1984 and 1987 claim constructions are the same, that in 1987 being merely the listing of the actual parameters referred to in 1984 as being found in the specification" (*ibid.*).

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[5] As initially issued, the court's opinion spoke in terms of waiver. See Pet. App. A16-A18. A subsequent modification of the opinion reframed the court's holding in terms of abandonment. See *id.* at A22. While the court of appeals did not explain the reasons for this modification, it seems to have been designed to conform the language of the opinion to the terms of the relevant ITC regulation, 19 C.F.R. 210.54(a)(2), which provides that issues which are not properly raised "will be deemed abandoned."

ARGUMENT

The decision of the court of appeals is correct and is not in conflict with any decision of this Court or any other court of appeals. Accordingly, review by this Court is not warranted.

1. In 1984, an ALJ saved petitioner's patent from a determination that it was indefinite or obvious by incorporating within the patent claims a description of the patented process found elsewhere in the patent specification. Though petitioner filed a petition for review challenging other aspects of the ALJ's determination, its petition did not question the ALJ's interpretation of the scope of the '257 patent or her finding that, without clarification, the patent claims would be invalid. Under the express terms of the ITC's rules, by failing to raise those issues at that time petitioner must be deemed to have abandoned them. 19 C.F.R. 210.54(a)(2). Further, when the ALJ's determinations on these issues became final by virtue of the Commission's decision not to review them, they became the "law of the case," binding on petitioner in future proceedings arising from the Commission's exclusion order.

The court of appeals' refusal to reopen the issues of the scope and validity of petitioner's patent was in accordance with well-established legal principles. As this Court stated in *United States* v. *L.A. Tucker Truck Lines, Inc.*, 344 U.S. 33, 36-37 (1952) (footnotes omitted):

> We have recognized in more than a few decisions, and Congress has recognized in more than a few statutes, that orderly procedure and good administration require that objections to the proceedings of an administrative agency be made while it has opportunity for correction in order to raise issues reviewable by the courts. * * * Simple fairness to those who are

> engaged in the tasks of administration, and to litigants, requires as a general rule that courts should not topple over administrative decisions unless the administrative body not only has erred but has erred against objection made at the time appropriate under its practice.

See also *Unemployment Compensation Commission* v. *Aragon*, 329 U.S. 143, 155 (1946). If these principles are to have any meaning, an agency must be empowered to adopt rules that prescribe how and when a claim must be presented and to foreclose contentions, like petitioner's, which are not timely raised.

In an effort to avoid the application of these well-established principles, petitioner contends that the 1987 construction of its patent, from which the present appeal was taken, was different from the 1984 interpretation that it failed to challenge before the Commission. Pet. 7, 8. However, the court of appeals properly rejected this contention, describing it as "disingenuous" (Pet. App. A17). In both its 1984 and 1987 determinations, the ITC expressly limited the scope of petitioner's patent by reference to the dimensions of the nozzle lips set forth in petitioner's patent application (compare *id.* at A45, A48 with *id.* at A34-A35). Thus, the court of appeals correctly determined that "the 1984 and 1987 claim constructions are the same" (*id.* at A17).

There is also no merit to petitioner's argument that it should have been allowed to obtain review of issues that the corporate respondents placed before the Commission in the 1984 proceedings. Pet. 5, 7. At that time, those respondents argued, in essence, that the ALJ had erred in saving petitioner's '257 patent by incorporating the dimensions of the nozzle lips into the patent claims. Petitioner's present position is the antithesis of that argument: It con-

tends that the ALJ erred by failing to uphold the validity of the '257 patent as to a broader range of processes. The contentions advanced by the corporate respondents in 1984 did not give the Commission any occasion to consider the arguments petitioner is pressing now. Thus, there is no basis for holding that respondents' claims were an adequate substitute for compliance by petitioner with the ITC's rules.

Against this background, it is clear that there is no conflict between the court of appeals' decision and the decisions on which petitioner relies (Pet. 8-9). In all of those cases, the objections that the court of appeals was asked to review had been raised below before the agency, either by a similarly situated party in a rulemaking proceeding[6] or by the same party in a prior proceeding before the same agency.[7] Those cases recognized the general principle that a party may not obtain judicial review of issues that an agency had no opportunity to consider. *E.g., Local 512, Warehouse & Office Workers' Union* v. *NLRB*, 795

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[6] *Buckeye Cablevision, Inc.* v. *United States*, 438 F.2d 948, 951 (6th Cir. 1971) ("identical issues" had previously been raised by other parties); *Center for Auto Safety* v. *Thomas*, 806 F.2d 1071, 1075-1076 (1986), vacated, 810 F.2d 302 (1987) (per curiam) (en banc), reinstated on reh'g, 847 F.2d 843 (1988) (per curiam) (en banc), vacated, 856 F.2d 1557 (D.C. Cir. 1988) (per curiam) (en banc) (permitting review only of issues raised by other parties and basing result in substantial part on permissive terms of statute); *Natural Resources Defense Council, Inc.* v. *United States Environmental Protection Agency*, 824 F.2d 1146, 1150-1151 (D.C. Cir. 1987) (permitting review of issues raised by others and actually considered by agency).

[7] *Local 512, Warehouse & Office Workers' Union* v. *NLRB*, 795 F.2d 705, 713-714 (9th Cir. 1986) (reviewing objection that had been raised in party's pleading, rejected by the ALJ, and argued to the agency on review); *Safir* v. *Kreps*, 551 F.2d 447, 452-453 (D.C. Cir.), cert. denied, 434 U.S. 820 (1977) (reviewing issues that party had raised before the ALJ and also pressed in other proceedings).

F.2d 705, 713-714 (9th Cir. 1986); *Safir* v. *Kreps*, 551 F.2d 447, 452 (D.C. Cir.), cert. denied, 434 U.S. 820 (1977) ("appellant is not free to raise points without regard to whether they were argued at some stage of the administrative process"). Moreover, in those cases, the party seeking review did not initially defend the administrative ruling that it sought to challenge in the reviewing court, as petitioner did here. Finally, none of the cases on which petitioner relies involved an agency rule which, like 19 C.F.R. 210.54(a), requires each party to specify its particular objections to an ALJ's ruling in order to avoid abandoning them. This firm rule is an integral and important part of procedures the ITC has adopted to assure the just and efficient disposition of Section 337 proceedings, which are conducted under strict time deadlines imposed by Congress.[8]

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[8] In the Trade Act of 1974, Pub. L. No. 93-618, § 341(a), 88 Stat. 2053, Congress amended Section 337 to require the Commission to conclude an investigation into alleged unfair import practices "at the earliest practicable time, but not later than one year (18 months in more complicated cases)" after publishing notice of the investigation. The Commission's rule requiring each party to specify its objections to an ALJ's initial determination in an initial petition for review helps the ITC meet these deadlines by ensuring that the positions of all parties and the issues in dispute will be set forth fully in the initial round of submissions to the Commission. Indeed, in 1984, the Commission declined to amend 19 C.F.R. 210.54 to allow a party which had prevailed in part before the ALJ to petition for review on issues on which it did not prevail in a response to its opponent's petition. The Commission explained that such a procedure would necessitate affording the opponent an opportunity to file a reply on issues first raised in a response, and that this additional stage in the briefing process could deprive the Commission of adequate time to review an ALJ's determinations. The Commission also noted that each party should be able immediately to identify those issues on which it disagrees with an ALJ's initial determination. 49 Fed. Reg. 46126 (1984).

The court of appeals was thus fully justified in construing the Commission's rule to require each party to raise its own objections to an

2. The court of appeals' straightforward application of the ITC's rule requiring each party to its proceedings to assert a timely and specific objection to an ALJ's initial determination involves no colorable violation of due process. Indeed, as this Court observed in *L.A. Tucker Truck Lines*, 344 U.S. at 37, "orderly procedure and good administration" depend on rules that assure that arguments will be presented to an agency when they can be meaningfully considered and determined.[9]

By refusing to hear an issue that petitioner abandoned in 1984, the court of appeals did not deprive petitioner of its right to be heard "at a meaningful time and in a meaningful manner." *Mathews* v. *Eldridge*, 424 U.S. 319, 333 (1976). In 1984, when the ALJ clarified the scope of petitioner's patent to save it from a determination of invalidity, it was self-evident that this clarification would determine what processes would, in the future, be determined to be infringing and that efforts could be made to design around the patent as clarified. Petitioner had no constitutional right to wait until after those efforts had been made to seek a reinterpretation of the scope of its patent. As this Court has observed, a patent claim is not a "nose of wax" to be twisted one way to preserve a patent's validity and another way to catch an alleged infringer. *White* v. *Dunbar*, 119 U.S. 47, 51-52 (1886).

ALJ's determinations. Moreover, since the ITC's decisions are reviewable only in the Federal Circuit (19 U.S.C. 1337(c)), that interpretation cannot be the subject of a conflict among the Circuits. See Pet. 7 n.3.

[9] This Court, for instance, ordinarily refuses to hear claims not presented to and decided by the courts of appeals. *Youakim* v. *Miller*, 425 U.S. 231, 234 (1976).

CONCLUSION

The petition for a writ of certiorari should be denied.

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and

HITACHI METALS, LTD., ET AL.,
VACUUMSCHMELZE GmbH,
NIPPON STEEL CORPORATION, ET AL.,
and SIEMENS CAPITAL CORP.,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF FOR PETITIONER ALLIED CORPORATION

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December 30, 1988

STATEMENT PURSUANT TO RULE 28.1

Since Allied Corporation filed its October 31, 1988 petition for certiorari, Allied-Signal Inc. has obtained an interest in two subsidiaries:

Lucky-Allied Plastics

JSR Allied Corporation

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF FOR PETITIONER ALLIED CORPORATION

I. INTRODUCTION

Relying on a selective view of the proceedings below, respondents argue (and the CAFC found) that Allied in 1984 abandoned any opportunity to obtain judicial review of the ITC's construction of Allied's patent claims. Respondents further contend (and the CAFC found) that Allied not only failed to petition from, but affirmatively defended and endorsed, the ALJ's 1984 claim construction. Both are wrong. Allied has been deprived of its day in court without warrant.

II. ARGUMENT

Allied appealed to the CAFC from the ITC's 1987 determination and modified exclusion order—not from the 1984 determination or general exclusion order. Relevant portions of the 1984 and 1987 orders are reproduced at the end of this brief. The orders themselves manifest substantial differences as to claim limitations—the generality of paragraph 1 of the broad 1984 order (*infra*, page 6) standing in sharp contrast to the specificity of paragraph 1 of the narrowed 1987 order (*infra*, pages 7-8).

Allied prevailed under the broad 1984 order and could not appeal (as the CAFC has held[1]). Allied lost under the narrowed and limited 1987 order and did appeal. It is that 1987 appeal that the CAFC dismissed on the ground of abandonment by Allied in 1984 of Allied's objection to claim limitations which did not appear in an ITC exclusion order until 1987.

The ITC's 1987 and 1984 claim constructions simply were not the same. The CAFC's appellate finding of fact that they were the same (and its characterization of Allied's argument to the contrary as "disingenuous") is supported by no evidence at all, to say nothing of substantial evidence.

It is striking that, before the 1985 evidentiary hearing, the ALJ revealed her own continuing uncertainty as to what she had determined in 1984 (CC452A):

> " 'Wide' is one of those 'long as a string' words, isn't it, so without being razor-sharp they might have a certain number of millimeters that I decide is narrow enough not to be under the patent, or the Commission might decide that, or the CAFC might decide that."

Subsequently, in March 1986, the ALJ resolved her doubt and ruled that to find "literal infringement" of the Allied

[1] Even if Allied had petitioned to the ITC in 1984, as now required by the CAFC, Allied could not have appealed to the CAFC from the 1984 final determination or 1984 exclusion order.

patent, *three* structural limitations[2] had to be found in the nozzle of the accused process (A-38-39). But the ALJ's resolution was not the ITC's resolution. In clear contrast, in May 1987, the ITC ruled differently (A-35), requiring that only *two* structural limitations[3] had to be found in accused nozzles for respondents' processes "to literally infringe". Thus, in 1987, in "further" construing "wide nozzle lips" to be of specific dimensions (A-35), the ITC materially altered the ALJ's prior claim construction. This fact is reflected in the 1987 modified exclusion order. To state and to stand by this fact is not to be disingenuous.

But even if the ITC's 1987 and 1984 claim constructions were the same, Allied did not abandon its right to appellate review by the CAFC of that claim construction. Allied never endorsed, affirmatively or implicitly, the construction ultimately espoused by the ITC in 1987. Indeed, Allied expressly rejected in 1984 the notion that specific apparatus limits had been added to the claims.

In 1984, the corporate respondents petitioned from the ID to the ITC on the ground that structural "dimensions" had erroneously been added to Allied's process claims (CC10111, CC10113). In 1984, Allied opposed respondents' view, arguing that the ALJ had *not added any* structural limitation to the process claims. This is plain from Allied's 1984 response to respondents' joint petition (CC10128A), e.g.:

> "The ALJ Did Not Add Any Limitation to the '257 Process Claims, But Simply Properly Interpreted the Claims in Light of the Patent Specification."[4]

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[2] Viz. (1) back lip dimensions, (2) front lip dimensions, and (3) slot width dimensions.

[3] Viz. (1) back lip dimensions and (2) front lip dimensions, but *not* (3) slot width dimensions.

[4] Allied did agree in 1984 that the ALJ had construed the process claims to include "wide lips". But Allied never agreed that the specific "dimensions" added by the ITC in 1987 (or any other dimensions) had been added in 1984. Prior to receiving respondents' joint petition in 1984, Allied did not perceive an issue on this specific score. Thus, Allied had no reason to mention the issue in its own 1984 petition to the ITC. Contrary to the ITC's suggestion (ITC Br. 10, n 8), Allied did not attempt to raise this issue in Allied's response;

Thus, issue was expressly joined before the ITC in 1984 as to the claim construction question Allied attempted to take to the CAFC in 1987, viz. the propriety of adding specific structural limitations (i.e., dimensions) to Allied's process claims. The ITC had full opportunity to consider that issue thoroughly in 1984. The only relevant question here is whether Allied should have been precluded by the CAFC from addressing the issue of claim construction on appeal in 1987, because a party other than Allied had in 1984 first perceived and raised the issue before the full Commission. Only by unjustifiably transforming Allied's express objections into disabling endorsements was the CAFC able to find such preclusion.

The record below demonstrates that Allied neither abandoned its objection to, nor embraced, the addition of structural dimensions to Allied's process patent claims. That record led the CAFC to its strained interpretation of the ITC regulations concerning exhaustion of administrative remedies—an interpretation that the ITC itself did not articulate in these proceedings prior to its response to the petition for certiorari.[5] That CAFC interpretation is inequitable, irrational and inconsistent with other appellate decisions recognizing the "narrow" scope of the administrative exhaustion doctrine. It is the inevitable consequence of an inapt solution looking for a rationale.

The CAFC's refusal to review the merits of the claim construction issue is especially irrational because that issue was contested in the parties' 1984 submissions to the full Commission.– The CAFC's error is compounded by its enlargement of the doctrine of administrative exhaustion. Other federal Courts of Appeals have refused to deprive a litigant of its right to judicial review of an issue merely because the litigant itself had

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Allied merely responded after respondents raised the issue in their petition.

Moreover, notwithstanding Hitachi's contentions to the contrary (Hit. Br. 3, 4, 11), Allied consistently and expressly urged before the ITC in 1984 that the ALJ erred in finding the Allied patent claims (1) invalid when read "literally" and (2) valid only when construed to include "wide lips" (CC10130).

[5] The ITC did not even mention 19 C.F.R. § 210.54(a)(2), the regulatory provision on which the CAFC's "abandonment" finding relies, in its own 1987 ruling.

not formally raised the issue at the agency level. These decisions reflect a proper understanding of the "narrow" scope of the doctrine of exhaustion of administrative remedies. E.g., *Safir* v. *Kreps*, 551 F.2d 447, 452-53 (D.C.Cir. 1977), *cert. denied*, 434 U.S. 820 (1977). In unwarranted contrast, the CAFC has construed that doctrine expansively, in a manner not compelled by the text or the intent of the ITC regulations and not permitted by the Due Process Clause, so as to prevent Allied from being heard "at a meaningful time and in a meaningful manner." *Mathews* v. *Eldridge*, 424 U.S. 319, 333 (1976).

III. CONCLUSION

For the reasons set out here and in Allied's petition, including the facts recited and the authorities cited, certiorari should be granted to reverse a CAFC decision that has deprived Allied of judicial review in a manner wholly inconsistent with applicable judicial authorities and fundamental precepts of due process.

Respectfully submitted,

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December 30, 1988

1984 Exclusion Order

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of

CERTAIN AMORPHOUS METAL ALLOYS AND AMORPHOUS METAL ARTICLES

Investigation No. 337-TA-143

COMMISSION ACTION AND ORDER

* * *

Page 3

Order

Accordingly it is hereby ORDERED that—

1. Amorphous metal articles manufactured abroad in accordance with the process set forth in claims 1, 2, 3, 5, 8, and/or 12 of U.S. Letters Patent 4,221,257 are excluded from entry into the United States for the remaining term of said patent except (1) as provided in paragraphs 2 and 3 of this order, or (2) as licensed by the patent owner;

* * *

By order of the Commission.

KENNETH R. MASON

Kenneth R. Mason
Secretary

Issued: October 15, 1984

1987 Modified Exclusion Order

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of

CERTAIN AMORPHOUS METAL ALLOYS AND AMORPHOUS METAL ARTICLES

Investigation No. 337-TA-143

COMMISSION ACTION AND ORDER

* * *

Pages 3-4

Order

Accordingly, it is hereby ORDERED THAT:

1. Amorphous metal articles which are manufactured abroad by a method of forming a continuous strip of amorphous metal from a molten alloy capable of forming an amorphous structure in accordance with the proceses set forth in claims 1, 2, 3, 5, 8, or 12 of U.S. Letters Patent 4,221,257, comprising:

a. forcing the molten alloy under pressure through a slotted nozzle positioned generally perpendicular to the direction of movement of a chill surface and located in close proximity to the chill surface to provide a gap of from about 0.03 to about 1 millimeter between said nozzle and the chill surface;

b. advancing the chill surface at a predetermined speed; and

c. quenching the molten metal in contact with the chill surface at a rapid rate to effect solidification into a continuous amorphous metal strip;

are excluded from entry into the United States for the remaining term of said patent except:

(a) as provided in this Order, or

(b) as licensed by the patent owner.

1987 Modified Exclusion Order

The phrase "slotted nozzle" found in claims 1 and 12 of the patent is construed to mean a nozzle having a rectangular or slotted opening and wide lips on the surface of the nozzle next to this rectangular or slotted opening. Wide lips are such that the width of the back nozzle lip (lip 1, measured in the direction of movement of the chill surface) must have a width that is at least equal to the width of the nozzle slot. The width of the front nozzle lip (lip 2, measured in the direction of movement of the chill surface) must be from "about 1.5" to "about 3" times the width of the nozzle slot. The phrase "about 1.5" is construed to mean that the front lip is from at least 1.45 to 1.55 times the width of the nozzle slot. The phrase "about 3" is not construed by this Order.

* * *

By order of the Commission

KENNETH R. MASON

Kenneth R. Mason
Secretary

Issued: June 17, 1987